

Senate File 404 - Introduced

SENATE FILE _____
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO SSB 1218)

(COMPANION TO LSB 1073HV
BY COMMITTEE ON JUDICIARY)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to revising the uniform commercial code, by
2 providing for warehouse receipts, bills of lading, and other
3 documents of title.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 1073SV 82
6 da/je/5

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1 1 DIVISION I
1 2 REVISION TO UNIFORM COMMERCIAL CODE
1 3 ARTICLE 7
1 4 Section 1. Section 554.7101, Code 2007, is amended to read
1 5 as follows:
1 6 554.7101 SHORT TITLE.
1 7 This Article ~~shall be known and~~ may be cited as Uniform
1 8 Commercial Code == Documents of Title.
1 9 Sec. 2. Section 554.7102, Code 2007, is amended to read as
1 10 follows:
1 11 554.7102 DEFINITIONS AND INDEX OF DEFINITIONS.
1 12 1. In this Article, unless the context otherwise requires:
1 13 a. "Bailee" means ~~the a person who that~~ by a warehouse
1 14 receipt, bill of lading, or other document of title
1 15 acknowledges possession of goods and contracts to deliver
1 16 them.
1 17 b. "Carrier" means a person that issues a bill of lading.
1 18 c. "Consignee" means the a person named in a bill of
1 19 lading to whom which or to whose order the bill promises
1 20 delivery.
1 21 ~~e- d.~~ "Consignor" means the a person named in a bill of
1 22 lading as the person from whom which the goods have been
1 23 received for shipment.
1 24 ~~d- e.~~ "Delivery order" means a written record that
1 25 contains an order to deliver goods directed to a warehouse
1 26 operator, carrier, or other person who that in the ordinary
1 27 course of business issues warehouse receipts or bills of
1 28 lading.
1 29 ~~e.~~ "Document" means document of title as defined in the
1 30 general definitions in Article 1 (section 554.1201).
1 31 f. "Good faith" means honesty in fact and the observance
1 32 of reasonable commercial standards of fair dealing.
1 33 g. "Goods" means all things which that are treated as
1 34 movable for the purposes of a contract of for storage or
1 35 transportation.
2 1 ~~g- h.~~ "Issuer" means a bailee who that issues a document
2 2 except that in relation to of title or, in the case of an
2 3 unaccepted delivery order, it means the person who that orders
2 4 the possessor of goods to deliver. Issuer The term includes
2 5 any a person for whom which an agent or employee purports to
2 6 act in issuing a document if the agent or employee has real or
2 7 apparent authority to issue documents, notwithstanding that
2 8 even if the issuer received no did not receive any goods, or
2 9 that the goods were misdescribed, or that in any other respect
2 10 the agent or employee violated that agent's or employee's the
2 11 issuer's instructions.
2 12 i. "Person entitled under the document" means the holder,
2 13 in the case of a negotiable document of title, or the person
2 14 to which delivery of the goods is to be made by the terms of,

2 15 or pursuant to instructions in a record under, a nonnegotiable
2 16 document of title.

2 17 j. "Record" means information that is inscribed on a
2 18 tangible medium or that is stored in an electronic or other
2 19 medium and is retrievable in perceivable form.

2 20 k. "Sign" means, with present intent to authenticate or
2 21 adopt a record:

2 22 (1) to execute or adopt a tangible symbol; or
2 23 (2) to attach to or logically associate with the record an
2 24 electronic sound, symbol, or process.

2 25 l. "Shipper" means a person that enters into a contract of
2 26 transportation with a carrier.

2 27 h. m. "Warehouse operator" is "Warehouse" means a person
2 28 engaged in the business of storing goods for hire.

2 29 2. Other definitions applying to this Article or to
2 30 specified Parts thereof, and the sections in which they appear
2 31 are:

2 32 "Duly negotiate" Section 554.7501
2 33 "Person entitled under
2 34 the document" Section 554.7403(4)
2 35 3. Definitions in other Articles applying to this Article
3 1 and the sections in which they appear are:

3 2 a. "Contract for sale" Section 554.2106
3 3 "Overseas" Section 554.2323
3 4 b. "Lessee in ordinary course
3 5 of business" Section 554.13103
3 6 c. "Receipt" of goods Section 554.2103

3 7 4. 3. In addition, Article 1 contains general definitions
3 8 and principles of construction and interpretation applicable
3 9 throughout this Article.

3 10 Sec. 3. Section 554.7103, Code 2007, is amended to read as
3 11 follows:

3 12 554.7103 RELATION OF ARTICLE TO TREATY, OR STATUTE,
3 13 TARIFF, CLASSIFICATION OR REGULATION.

3 14 1. To the extent that This Article is subject to any
3 15 treaty or statute of the United States, or regulatory statute
3 16 of this state or tariff, classification or regulation filed or
3 17 issued pursuant thereto to the extent that the treaty,
3 18 statute, or regulatory statute is applicable, the provisions
3 19 of this Article are subject thereto.

3 20 2. This Article does not modify or repeal any law
3 21 prescribing the form or content of a document of title or the
3 22 services or facilities to be afforded by a bailee, or
3 23 otherwise regulating a bailee's business in respects not
3 24 specifically treated in this Article. However, violation of
3 25 such a law does not affect the status of a document of title
3 26 that otherwise is within the definition of a document of
3 27 title.

3 28 3. This Article modifies, limits, and supersedes the
3 29 federal Electronic Signatures in Global and National Commerce
3 30 Act (15 U.S.C. } 7001, et seq.) but does not modify, limit, or
3 31 supersede } 101(c) of that Act (15 U.S.C. } 7001(c)) or
3 32 authorize electronic delivery of any of the notices described
3 33 in } 103(b) of that Act (15 U.S.C. } 7003(b)).

3 34 4. To the extent there is a conflict between chapter 554D,
3 35 the "Uniform Electronic Transactions Act", and this Article,
4 1 this Article governs.

4 2 Sec. 4. Section 554.7104, Code 2007, is amended to read as
4 3 follows:

4 4 554.7104 NEGOTIABLE AND NONNEGOTIABLE WAREHOUSE RECEIPT,
4 5 BILL OF LADING OR OTHER DOCUMENT OF TITLE.

4 6 1. A warehouse receipt, bill of lading or other Except as
4 7 otherwise provided in subsection 3, a document of title is
4 8 negotiable

4 9 a. if by its terms the goods are to be delivered to bearer
4 10 or to the order of a named person, or,
4 11 b. where recognized in overseas trade, if it runs to a
4 12 named person or assigns.

4 13 2. Any other A document of title other than the one
4 14 described in subsection 1 is nonnegotiable. A bill of lading
4 15 in which it is stated that states that the goods are consigned
4 16 to a named person is not made negotiable by a provision that
4 17 the goods are to be delivered only against a written an order
4 18 in a record signed by the same or another named person.

4 19 3. A document of title is nonnegotiable if, at the time it
4 20 is issued, the document has a conspicuous legend, however
4 21 expressed, that it is nonnegotiable.

4 22 Sec. 5. Section 554.7105, Code 2007, is amended to read as
4 23 follows:

4 24 554.7105 CONSTRUCTION AGAINST NEGATIVE IMPLICATION
4 25 REISSUANCE IN ALTERNATIVE MEDIUM.

4 26 1. ~~The omission from either Part 2 or Part 3 of this~~
4 27 ~~Article of a provision corresponding to a provision made in~~
4 28 ~~the other Part does not imply that a corresponding rule of law~~
4 29 ~~is not applicable. Upon request of a person entitled under an~~
4 30 ~~electronic document of title, the issuer of the electronic~~
4 31 ~~document may issue a tangible document of title as a~~
4 32 ~~substitute for the electronic document if:~~

4 33 a. ~~the person entitled under the electronic document~~
4 34 ~~surrenders control of the document to the issuer; and~~
4 35 b. ~~the tangible document when issued contains a statement~~
5 1 ~~that it is issued in substitution for the electronic document.~~

5 2 2. ~~Upon issuance of a tangible document of title in~~
5 3 ~~substitution for an electronic document of title in accordance~~
5 4 ~~with subsection 1:~~

5 5 a. ~~the electronic document ceases to have any effect or~~
5 6 ~~validity; and~~
5 7 b. ~~the person that procured issuance of the tangible~~
5 8 ~~document warrants to all subsequent persons entitled under the~~
5 9 ~~tangible document that the warrantor was a person entitled~~
5 10 ~~under the electronic document when the warrantor surrendered~~
5 11 ~~control of the electronic document to the issuer.~~

5 12 3. ~~Upon request of a person entitled under a tangible~~
5 13 ~~document of title, the issuer of the tangible document may~~
5 14 ~~issue an electronic document of title as a substitute for the~~
5 15 ~~tangible document if:~~

5 16 a. ~~the person entitled under the tangible document~~
5 17 ~~surrenders possession of the document to the issuer; and~~
5 18 b. ~~the electronic document when issued contains a~~
5 19 ~~statement that it is issued in substitution for the tangible~~
5 20 ~~document.~~

5 21 4. ~~Upon issuance of an electronic document of title in~~
5 22 ~~substitution for a tangible document of title in accordance~~
5 23 ~~with subsection 3:~~

5 24 a. ~~the tangible document ceases to have any effect or~~
5 25 ~~validity; and~~
5 26 b. ~~the person that procured issuance of the electronic~~
5 27 ~~document warrants to all subsequent persons entitled under the~~
5 28 ~~electronic document that the warrantor was a person entitled~~
5 29 ~~under the tangible document when the warrantor surrendered~~
5 30 ~~possession of the tangible document to the issuer.~~

5 31 Sec. 6. ~~NEW SECTION.~~ 554.7106 CONTROL OF ELECTRONIC
5 32 DOCUMENT OF TITLE.

5 33 1. A person has control of an electronic document of title
5 34 if a system employed for evidencing the transfer of interests
5 35 in the electronic document reliably establishes that person as
6 1 the person to which the electronic document was issued or
6 2 transferred.

6 3 2. A system satisfies subsection 1, and a person is deemed
6 4 to have control of an electronic document of title, if the
6 5 document is created, stored, and assigned in such a manner
6 6 that:

6 7 a. a single authoritative copy of the document exists
6 8 which is unique, identifiable, and, except as otherwise
6 9 provided in paragraphs "d", "e", and "f", unalterable;
6 10 b. the authoritative copy identifies the person asserting
6 11 control as:

6 12 (1) the person to which the document was issued; or
6 13 (2) if the authoritative copy indicates that the document
6 14 has been transferred, the person to which the document was
6 15 most recently transferred;

6 16 c. the authoritative copy is communicated to and
6 17 maintained by the person asserting control or its designated
6 18 custodian;

6 19 d. copies or amendments that add or change an identified
6 20 assignee of the authoritative copy can be made only with the
6 21 consent of the person asserting control;

6 22 e. each copy of the authoritative copy and any copy of a
6 23 copy is readily identifiable as a copy that is not the
6 24 authoritative copy; and

6 25 f. any amendment of the authoritative copy is readily
6 26 identifiable as authorized or unauthorized.

6 27 Sec. 7. Section 554.7201, Code 2007, is amended to read as
6 28 follows:

6 29 554.7201 ~~WHO PERSON THAT MAY ISSUE A WAREHOUSE RECEIPT ==~~
6 30 ~~STORAGE UNDER GOVERNMENT BOND.~~

6 31 1. A warehouse receipt may be issued by any warehouse
6 32 operator.

6 33 2. ~~Where~~ If goods, including distilled spirits and
6 34 agricultural commodities, are stored under a statute requiring
6 35 a bond against withdrawal or a license for the issuance of
7 1 receipts in the nature of warehouse receipts, a receipt issued

7 2 for the goods ~~has like effect as is deemed to be~~ a warehouse
7 3 receipt even ~~though~~ if issued by a person ~~who that~~ is the
7 4 owner of the goods and is not a warehouse operator.
7 5 Sec. 8. Section 554.7202, Code 2007, is amended to read as
7 6 follows:

7 7 554.7202 FORM OF WAREHOUSE RECEIPT == ~~ESSENTIAL TERMS ==~~
7 8 ~~OPTIONAL TERMS EFFECT OF OMISSION.~~

7 9 1. A warehouse receipt need not be in any particular form.

7 10 2. Unless a warehouse receipt ~~embodies within its written~~
7 11 ~~or printed terms provides for~~ each of the following, the
7 12 warehouse operator is liable for damages caused to a person
7 13 injured by ~~the its~~ omission to a person injured thereby:

7 14 a. a statement of the location of the warehouse facility
7 15 where the goods are stored;

7 16 b. the date of issue of the receipt;

7 17 c. ~~the consecutive number~~ unique identification code of
7 18 the receipt;

7 19 d. a statement whether the goods received will be
7 20 delivered to the bearer, to a ~~specified named~~ person, or to a
7 21 ~~specified named~~ person or ~~that person's its~~ order;

7 22 e. the rate of storage and handling charges, ~~except that~~
7 23 ~~where unless~~ goods are stored under a field warehousing

7 24 arrangement, in which case a statement of that fact is
7 25 sufficient on a nonnegotiable receipt;

7 26 f. a description of the goods or ~~of~~ the packages
7 27 containing them;

7 28 g. the signature of the warehouse operator, ~~which may be~~
7 29 ~~made by the warehouse operator's authorized or its agent;~~

7 30 h. if the receipt is issued for goods ~~of which that~~ the
7 31 warehouse operator is owner owns, either solely, or jointly,
7 32 or in common with others, a statement of the fact of such that
7 33 ownership; and

7 34 i. a statement of the amount of advances made and of
7 35 liabilities incurred for which the warehouse operator claims a

8 1 lien or security interest, ~~(section 554.7209).~~ ~~If unless~~ the

8 2 precise amount of ~~such~~ advances made or ~~of such~~ liabilities

8 3 incurred ~~is~~, at the time of the issue of the receipt, is

8 4 unknown to the warehouse operator or to ~~the warehouse~~

8 5 ~~operator's its agent who issues it that issued the receipt, in~~

8 6 ~~which case~~ a statement of the fact that advances have been

8 7 made or liabilities incurred and the purpose ~~thereof of the~~

8 8 ~~advances or liabilities~~ is sufficient.

8 9 3. A warehouse operator may insert in ~~the its~~ receipt any

8 10 ~~other terms which that~~ are not contrary to ~~the provisions of~~

8 11 this chapter and do not impair ~~the warehouse operator's its~~

8 12 obligation of delivery ~~(section 554.7403) under section~~

8 13 ~~554.7403 or its duty of care (section 554.7204) under section~~

8 14 ~~554.7204. Any contrary provisions shall be provision is~~

8 15 ineffective.

8 16 Sec. 9. Section 554.7203, Code 2007, is amended to read as
8 17 follows:

8 18 554.7203 LIABILITY FOR NONRECEIPT OR MISDESCRIPTION.

8 19 A party to or purchaser for value in good faith of a

8 20 document of title, other than a bill of lading ~~relying in~~

8 21 ~~either case, that relies~~ upon the description ~~therein of the~~

8 22 goods in the document may recover from the issuer damages

8 23 caused by the nonreceipt or misdescription of the goods,

8 24 except to the extent that:

8 25 1. the document conspicuously indicates that the issuer

8 26 does not know whether ~~any all or part or all~~ of the goods in

8 27 fact were received or conform to the description, ~~as where~~

8 28 such as the case in which the description is in terms of marks

8 29 or labels or kind, quantity, or condition, or the receipt or

8 30 description is qualified by "contents, condition, and quality

8 31 unknown", "said to contain", ~~or the like,~~ words of similar

8 32 import, if ~~such the~~ indication be is true; or

8 33 2. the party or purchaser otherwise has notice of the

8 34 nonreceipt or misdescription.

8 35 Sec. 10. Section 554.7204, Code 2007, is amended to read

9 1 as follows:

9 2 554.7204 DUTY OF CARE == CONTRACTUAL LIMITATION OF

9 3 ~~WAREHOUSE OPERATOR'S WAREHOUSE'S~~ LIABILITY.

9 4 1. A warehouse operator is liable for damages for loss of

9 5 or injury to the goods caused by ~~the warehouse operator's its~~

9 6 failure to exercise such care in with regard to ~~them as the~~

9 7 goods that a reasonably careful person would exercise under

9 8 like similar circumstances ~~but unless.~~ Unless otherwise

9 9 agreed, the warehouse operator is not liable for damages which

9 10 that could not have been avoided by the exercise of ~~such that~~

9 11 care.

9 12 2. Damages may be limited by a term in the warehouse

9 13 receipt or storage agreement limiting the amount of liability
9 14 in case of loss or damage, ~~and setting forth a specific~~
9 15 ~~liability per article or item, or value per unit of weight,~~
9 16 ~~beyond which the warehouse operator shall is not be liable,~~
9 17 ~~provided, however, that such liability may on written. Such a~~
9 18 ~~limitation is not effective with respect to the warehouse's~~
9 19 ~~liability for conversion to its own use. On request of the~~
9 20 ~~bailor in a record at the time of signing such the storage~~
9 21 ~~agreement or within a reasonable time after receipt of the~~
9 22 ~~warehouse receipt, the warehouse's liability may be increased~~
9 23 ~~on part or all of the goods thereunder, in which covered by~~
9 24 ~~the storage agreement or the warehouse receipt. In this~~
9 25 ~~event, increased rates may be charged based on such an~~
9 26 ~~increased valuation, but that no such increase shall be~~
9 27 ~~permitted contrary to a lawful limitation of liability~~
9 28 ~~contained in the warehouse operator's tariff, if any of the~~
9 29 ~~goods. No such limitation is effective with respect to the~~
9 30 ~~warehouse operator's liability for conversion to the warehouse~~
9 31 ~~operator's own use.~~

9 32 3. Reasonable provisions as to the time and manner of
9 33 presenting claims and ~~instituting commencing~~ actions based on
9 34 the bailment may be included in the warehouse receipt or
9 35 ~~tariff storage agreement.~~

10 1 4. ~~This section does not modify or repeal any provision~~
10 2 ~~under chapter 203, 203C, or 203D.~~

10 3 Sec. 11. Section 554.7205, Code 2007, is amended to read
10 4 as follows:

10 5 554.7205 TITLE UNDER WAREHOUSE RECEIPT DEFEATED IN CERTAIN
10 6 CASES.

10 7 A buyer in ~~the~~ ordinary course of business of fungible
10 8 goods sold and delivered by a warehouse operator ~~who that is~~
10 9 also in the business of buying and selling such goods takes
10 10 ~~the goods~~ free of any claim under a warehouse receipt even
10 11 ~~though it if the receipt is negotiable and~~ has been duly
10 12 negotiated.

10 13 Sec. 12. Section 554.7206, Code 2007, is amended to read
10 14 as follows:

10 15 554.7206 TERMINATION OF STORAGE AT WAREHOUSE OPERATOR'S
10 16 WAREHOUSE'S OPTION.

10 17 1. A warehouse operator ~~may on notifying, by giving notice~~
10 18 ~~to the person on whose account the goods are held and any~~
10 19 ~~other person known to claim an interest in the goods, may~~
10 20 ~~require payment of any charges and removal of the goods from~~
10 21 ~~the warehouse at the termination of the period of storage~~
10 22 ~~fixed by the document, of title or, if no a period is not~~
10 23 ~~fixed, within a stated period not less than thirty days after~~
10 24 ~~the notification warehouse gives notice. If the goods are not~~
10 25 ~~removed before the date specified in the notification notice,~~
10 26 ~~the warehouse operator may sell them in accordance with the~~
10 27 ~~provisions of the pursuant to section on enforcement of a~~
10 28 ~~warehouse operator's lien (section 554.7210) 554.7210.~~

10 29 2. If a warehouse operator in good faith believes that ~~the~~
10 30 goods are about to deteriorate or decline in value to less
10 31 than the amount of ~~the warehouse operator's its~~ lien within
10 32 the time ~~prescribed provided~~ in subsection 1 ~~for notification,~~
10 33 ~~advertisement and sale and section 554.7210, the warehouse~~
10 34 ~~operator may specify in the notification notice given under~~
10 35 ~~subsection 1 any reasonable shorter time for removal of the~~
11 1 goods and ~~in case, if~~ the goods are not removed, may sell them
11 2 at public sale held not less than one week after a single
11 3 advertisement or posting.

11 4 3. If, as a result of a quality or condition of the goods
11 5 of which the warehouse operator ~~had no did not have~~ notice at
11 6 the time of deposit, the goods are a hazard to other property,
11 7 ~~or to the warehouse facilities, or to other persons, the~~
11 8 warehouse operator may sell the goods at public or private
11 9 sale without advertisement ~~or posting~~ on reasonable
11 10 notification to all persons known to claim an interest in the
11 11 goods. If the warehouse, ~~operator~~ after a reasonable effort,
11 12 is unable to sell the goods ~~the warehouse operator, it~~ may
11 13 dispose of them in any lawful manner and ~~shall does not~~ incur
11 14 ~~no~~ liability by reason of ~~such that~~ disposition.

11 15 4. ~~The A~~ warehouse operator ~~must shall~~ deliver the goods
11 16 to any person entitled to them under this Article upon due
11 17 demand made at any time ~~prior to before~~ sale or other
11 18 disposition under this section.

11 19 5. ~~The A~~ warehouse operator may satisfy ~~the warehouse~~
11 20 ~~operator's its~~ lien from the proceeds of any sale or
11 21 disposition under this section but ~~must shall~~ hold the balance
11 22 for delivery on the demand of any person to ~~whom which~~ the
11 23 warehouse operator would have been bound to deliver the goods.

11 24 Sec. 13. Section 554.7207, Code 2007, is amended to read
11 25 as follows:

11 26 554.7207 GOODS MUST BE KEPT SEPARATE == FUNGIBLE GOODS.

11 27 1. Unless the warehouse receipt ~~otherwise~~ provides
11 28 ~~otherwise~~, a warehouse ~~operator must~~ shall keep separate the
11 29 goods covered by each receipt so as to permit at all times
11 30 identification and delivery of those goods ~~except that,~~
11 31 ~~However,~~ different lots of fungible goods may be commingled.

11 32 2. ~~Fungible~~ If different lots of fungible goods ~~so are~~
11 33 commingled, ~~the goods~~ are owned in common by the persons
11 34 entitled thereto and the warehouse ~~operator~~ is severally
11 35 liable to each owner for that owner's share. ~~Where~~ If,
12 1 because of overissue, a mass of fungible goods is insufficient
12 2 to meet all the receipts ~~which~~ the warehouse ~~operator~~ has
12 3 issued against it, the persons entitled include all holders to
12 4 ~~whom~~ ~~which~~ overissued receipts have been duly negotiated.

12 5 Sec. 14. Section 554.7208, Code 2007, is amended to read
12 6 as follows:

12 7 554.7208 ALTERED WAREHOUSE RECEIPTS.

12 8 ~~Where~~ If a blank in a negotiable tangible warehouse receipt
12 9 has been filled in without authority, a good-faith purchaser
12 10 for value and without notice of the ~~want~~ lack of authority may
12 11 treat the insertion as authorized. Any other unauthorized
12 12 alteration leaves any tangible or electronic warehouse receipt
12 13 enforceable against the issuer according to its original
12 14 tenor.

12 15 Sec. 15. Section 554.7209, Code 2007, is amended to read
12 16 as follows:

12 17 554.7209 LIEN OF WAREHOUSE ~~OPERATOR~~.

12 18 1. A warehouse ~~operator~~ has a lien against the bailor on
12 19 the goods covered by a warehouse receipt or storage agreement
12 20 or on the proceeds thereof in ~~the warehouse operator's~~ its
12 21 possession for charges for storage or transportation
12 22 ~~(including, including demurrage and terminal charges)~~ charges,
12 23 insurance, labor, or other charges, present or future, in
12 24 relation to the goods, and for expenses necessary for
12 25 preservation of the goods or reasonably incurred in their sale
12 26 pursuant to law. If the person on whose account the goods are
12 27 held is liable for ~~like~~ similar charges or expenses in
12 28 relation to other goods whenever deposited and it is stated in
12 29 the warehouse receipt or storage agreement that a lien is
12 30 claimed for charges and expenses in relation to other goods,
12 31 the warehouse ~~operator~~ also has a lien against ~~that person~~ the
12 32 goods covered in the warehouse receipt or storage agreement or
12 33 on the proceeds thereof in its possession for such those
12 34 charges and expenses, whether or not the other goods have been
12 35 delivered by the warehouse ~~operator~~. ~~But~~ However, as against
13 1 a person to ~~whom~~ ~~which~~ a negotiable warehouse receipt is duly
13 2 negotiated, a ~~warehouse operator's~~ warehouse's lien is limited
13 3 to charges in an amount or at a rate specified ~~on~~ in the
13 4 warehouse receipt or, if no charges are so specified, ~~then~~ to
13 5 a reasonable charge for storage of the specific goods covered
13 6 by the receipt subsequent to the date of the receipt.

13 7 2. ~~The~~ A warehouse ~~operator~~ may also reserve a security
13 8 interest against the bailor for ~~a~~ the maximum amount specified
13 9 on the receipt for charges other than those specified in
13 10 subsection 1, such as for money advanced and interest. ~~Such a~~
13 11 ~~The~~ security interest is governed by ~~the~~ Article on Secured
13 12 ~~Transactions (Article 9) 9.~~

13 13 3. ~~a-~~ A ~~warehouse operator's~~ warehouse's lien for charges
13 14 and expenses under subsection 1 or a security interest under
13 15 subsection 2 is also effective against any person ~~who~~ that so
13 16 entrusted the bailor with possession of the goods that a
13 17 pledge of them by the bailor to a ~~good-faith~~ good-faith
13 18 purchaser for value would have been valid ~~but,~~ However, the
13 19 lien or security interest is not effective against a person ~~as~~
13 20 ~~to whom the that before issuance of a document confers no~~
13 21 ~~right of title had a legal interest or perfected security~~
13 22 ~~interest in the goods covered by it under section 554.7503.~~
13 23 and that did not:

13 24 a. deliver or entrust the goods or any document of title
13 25 covering the goods to the bailor or the bailor's nominee with:
13 26 (1) actual or apparent authority to ship, store, or sell;
13 27 (2) power to obtain delivery under section 554.7403; or
13 28 (3) power of disposition under sections 554.2403,
13 29 554.13304, subsection 2, 554.13305, subsection 2, 554.9320, or

13 30 554.9321, subsection 3, or other statute or rule of law; or
13 31 b. acquiesce in the procurement by the bailor or its
13 32 nominee of any document.

13 33 ~~b-~~ 4. A ~~warehouse operator's~~ warehouse's lien on
13 34 household goods for charges and expenses in relation to the

13 35 goods under subsection 1 is also effective against all persons
14 1 if the depositor was the legal possessor of the goods at the
14 2 time of deposit. ~~"Household In this subsection, "household~~
14 3 goods" means furniture, furnishings ~~and, or~~ personal effects
14 4 used by the depositor in a dwelling.

14 5 ~~4- 5. A warehouse operator loses the warehouse operator's~~
14 6 ~~its lien on any goods which the warehouse operator that it~~
14 7 ~~voluntarily delivers or unjustifiably refuses to deliver.~~
14 8 Sec. 16. Section 554.7210, Code 2007, is amended to read
14 9 as follows:

14 10 554.7210 ENFORCEMENT OF ~~WAREHOUSE OPERATOR'S~~ WAREHOUSE'S
14 11 LIEN.

14 12 1. Except as otherwise provided in subsection 2, a
14 13 ~~warehouse operator's warehouse's~~ lien may be enforced by
14 14 public or private sale of the goods, in block bulk or in
14 15 parcels packages, at any time or place and on any terms which
14 16 that are commercially reasonable, after notifying all persons
14 17 known to claim an interest in the goods. ~~Such The~~
14 18 notification must include a statement of the amount due, the
14 19 nature of the proposed sale, and the time and place of any
14 20 public sale. The fact that a better price could have been
14 21 obtained by a sale at a different time or in a ~~different~~
14 22 method different from that selected by the warehouse operator
14 23 is not of itself sufficient to establish that the sale was not
14 24 made in a commercially reasonable manner. ~~if the The~~
14 25 ~~warehouse operator either~~ sells in a commercially reasonable
14 26 manner if the warehouse sells the goods in the usual manner in
14 27 any recognized market therefor, ~~or if the warehouse operator~~
14 28 ~~sells at the price current in such that market at the time of~~
14 29 ~~the warehouse operator's sale, or if the warehouse operator~~
14 30 ~~has otherwise sold sells~~ in conformity with commercially
14 31 reasonable practices among dealers in the type of goods sold,
14 32 ~~the warehouse operator has sold in a commercially reasonable~~
14 33 ~~manner.~~ A sale of more goods than apparently necessary to be
14 34 offered to ~~insure ensure~~ satisfaction of the obligation is not
14 35 commercially reasonable, except in cases covered by the
15 1 preceding sentence.

15 2 2. A warehouse operator's may enforce its lien on goods,
15 3 other than goods stored by a merchant in the course of the
15 4 ~~merchant's its~~ business may be enforced only as follows, only
15 5 if the following requirements are satisfied:

15 6 a. All persons known to claim an interest in the goods
15 7 must be notified.

15 8 ~~b. The notification must be delivered in person or sent by~~
15 9 ~~registered or certified letter to the last known address of~~
15 10 ~~any person to be notified.~~

15 11 ~~c. b.~~ The notification must include an itemized statement
15 12 of the claim, a description of the goods subject to the lien,
15 13 a demand for payment within a specified time not less than ten
15 14 days after receipt of the notification, and a conspicuous
15 15 statement that unless the claim is paid within that time the
15 16 goods will be advertised for sale and sold by auction at a
15 17 specified time and place.

15 18 ~~d. c.~~ The sale must conform to the terms of the
15 19 notification.

15 20 ~~e. d.~~ The sale must be held at the nearest suitable place
15 21 to ~~that~~ where the goods are held or stored.

15 22 ~~f. e.~~ After the expiration of the time given in the
15 23 notification, an advertisement of the sale must be published
15 24 once a week for two weeks consecutively in a newspaper of
15 25 general circulation where the sale is to be held. The
15 26 advertisement must include a description of the goods, the
15 27 name of the person on whose account ~~they the goods~~ are being
15 28 held, and the time and place of the sale. The sale must take
15 29 place at least fifteen days after the first publication. If
15 30 there is no newspaper of general circulation where the sale is
15 31 to be held, the advertisement must be posted at least ten days
15 32 before the sale in not ~~less fewer~~ than six conspicuous places
15 33 in the neighborhood of the proposed sale.

15 34 3. Before any sale pursuant to this section, any person
15 35 claiming a right in the goods may pay the amount necessary to
16 1 satisfy the lien and the reasonable expenses incurred ~~under in~~
16 2 complying with this section. In that event, the goods ~~must~~
16 3 may not be sold, but must be retained by the warehouse
16 4 operator subject to the terms of the receipt and this Article.

16 5 4. ~~The A~~ warehouse operator may buy at any public sale
16 6 held pursuant to this section.

16 7 5. A purchaser in good faith of goods sold to enforce a
16 8 ~~warehouse operator's warehouse's~~ lien takes the goods free of
16 9 any rights of persons against ~~whom which~~ the lien was valid,
16 10 despite the warehouse's noncompliance ~~by the warehouse~~

~~16 11 operator with the requirements of with this section.~~
16 12 6. ~~The A warehouse operator may satisfy the warehouse~~
~~16 13 operator's its~~ lien from the proceeds of any sale pursuant to
16 14 this section but ~~must shall~~ hold the balance, if any, for
16 15 delivery on demand to any person to ~~whom which~~ the warehouse
16 16 ~~operator~~ would have been bound to deliver the goods.
16 17 7. The rights provided by this section ~~shall be are~~ in
16 18 addition to all other rights allowed by law to a creditor
16 19 against ~~the creditor's a~~ debtor.

16 20 8. ~~Where If~~ a lien is on goods stored by a merchant in the
16 21 course of ~~the merchant's its~~ business, the lien may be
16 22 enforced in accordance with ~~either~~ subsection 1 or 2.
16 23 9. ~~The A warehouse operator~~ is liable for damages caused
16 24 by failure to comply with the requirements for sale under this
16 25 section and, in case of willful violation, is liable for
16 26 conversion.

16 27 Sec. 17. Section 554.7301, Code 2007, is amended to read
16 28 as follows:
16 29 554.7301 LIABILITY FOR NONRECEIPT OR MISDESCRIPTION ==
16 30 "SAID TO CONTAIN" == "SHIPPER'S WEIGHT, LOAD, AND COUNT" ==
16 31 IMPROPER HANDLING.
16 32 1. A consignee of a nonnegotiable bill ~~who of lading which~~
16 33 has given value in good faith, or a holder to ~~whom which~~ a
16 34 negotiable bill has been duly negotiated, ~~relying in either~~
~~16 35 case~~ upon the description ~~therein~~ of the goods, ~~in the bill or~~
17 1 upon the date ~~therein~~ shown in the bill, may recover from the
17 2 issuer damages caused by the misdating of the bill or the
17 3 nonreceipt or misdescription of the goods, except to the
17 4 extent that the ~~document bill~~ indicates that the issuer does
17 5 not know whether any part or all of the goods in fact were
17 6 received or conform to the description, ~~as where such as in a~~
17 7 case in which the description is in terms of marks or labels
17 8 or kind, quantity, or condition or the receipt or description
17 9 is qualified by "contents or condition of contents of packages
17 10 unknown", "said to contain", "shipper's weight, load, and
17 11 count", or ~~the like words of similar import~~, if ~~such that~~
17 12 indication be is true.

17 13 2. ~~When If~~ goods are loaded by ~~an the~~ issuer ~~who is a~~
~~17 14 common carrier, the of a bill of lading;~~
17 15 a. the issuer must shall count the packages of goods if
17 16 package freight shipped in packages and ascertain the kind and
17 17 quantity if shipped in bulk freight. ~~In such cases; and~~
17 18 b. words such as "shipper's weight, load, and count", or
17 19 other words of similar import indicating that the description
17 20 was made by the shipper are ineffective except as to freight
17 21 goods concealed by in packages.

17 22 3. ~~When If~~ bulk freight ~~is goods are~~ loaded by a shipper
17 23 ~~who that~~ makes available to the issuer of a bill of lading
17 24 adequate facilities for weighing ~~such freight those goods, an~~
17 25 ~~the issuer who is a common carrier must shall~~ ascertain the
17 26 kind and quantity within a reasonable time after receiving the
17 27 ~~written shipper's request of the shipper in a record to do so.~~
17 28 In such cases that case, "shipper's weight" or other words of
17 29 like purport similar import are ineffective.

17 30 4. The issuer ~~may of a bill of lading, by inserting~~
17 31 including in the bill the words "shipper's weight, load, and
17 32 count", or other words of like purport similar import, may
17 33 indicate that the goods were loaded by the shipper, and, if
17 34 such that statement be is true, the issuer ~~shall is~~ not be
17 35 liable for damages caused by the improper loading. ~~But their~~
18 1 However, omission of such words does not imply liability for
18 2 such damages caused by improper loading.

18 3 5. ~~The A shipper shall be deemed to have guaranteed~~
18 4 guarantees to the an issuer the accuracy at the time of
18 5 shipment of the description, marks, labels, number, kind,
18 6 quantity, condition, and weight, as furnished by the shipper, and
18 7 and the shipper shall indemnify the issuer against damage
18 8 caused by inaccuracies in such those particulars. ~~The This~~
18 9 ~~right of the issuer to such indemnity shall in no way does not~~
18 10 limit the issuer's responsibility ~~and or~~ liability under the
18 11 contract of carriage to any person other than the shipper.

18 12 Sec. 18. Section 554.7302, Code 2007, is amended to read
18 13 as follows:
18 14 554.7302 THROUGH BILLS OF LADING AND SIMILAR DOCUMENTS OF
18 15 TITLE.

18 16 1. The issuer of a through bill of lading, or other
18 17 document of title embodying an undertaking to be performed in
18 18 part by ~~persons a person~~ acting as its ~~agents agent~~ or by
18 19 ~~connecting carriers a performing carrier~~, is liable to ~~anyone~~
18 20 any person entitled to recover on the bill or other document
18 21 for any breach by ~~such the other persons person~~ or by a

~~18 22 connecting the performing~~ carrier of its obligation under the
18 23 ~~bill or other document but, However,~~ to the extent that the
18 24 ~~bill or other document~~ covers an undertaking to be performed
18 25 overseas or in territory not contiguous to the continental
18 26 United States or an undertaking including matters other than
18 27 transportation, this liability for breach by the other person
18 28 or the performing carrier may be varied by agreement of the
18 29 parties.

18 30 2. ~~Where If~~ goods covered by a through bill of lading or
18 31 other document of title embodying an undertaking to be
18 32 performed in part by ~~persons a person~~ other than the issuer
18 33 are received by ~~any such that person, that the person is~~
18 34 subject, with respect to ~~that person's its~~ own performance
18 35 while the goods are in ~~that person's its~~ possession, to the
19 1 obligation of the issuer. ~~That The~~ person's obligation is
19 2 discharged by delivery of the goods to another ~~such person~~
19 3 pursuant to the bill or other document, and does not include
19 4 liability for breach by any other ~~such persons person~~ or by
19 5 the issuer.

19 6 3. The issuer of ~~such~~ a through bill of lading or other
19 7 document ~~shall be of title described in subsection 1 is~~
19 8 entitled to recover from the ~~connecting performing~~ carrier, or
19 9 ~~such~~ other person in possession of the goods when the breach
19 10 of the obligation under the bill or other document occurred,
19 11 the:

19 12 a. the amount it may be required to pay to anyone any
19 13 person entitled to recover on the bill or other document
19 14 therefor for the breach, as may be evidenced by any receipt,
19 15 judgment, or transcript ~~thereof, of judgment;~~ and

19 16 b. the amount of any expense reasonably incurred by it the
19 17 issuer in defending any action brought commenced by anyone any
19 18 person entitled to recover on the bill or other document
19 19 therefor for the breach.

19 20 Sec. 19. Section 554.7303, Code 2007, is amended to read
19 21 as follows:

19 22 554.7303 DIVERSION == RECONSIGNMENT == CHANGE OF
19 23 INSTRUCTIONS.

19 24 1. Unless the bill of lading otherwise provides, ~~the a~~
19 25 carrier may deliver the goods to a person or destination other
19 26 than that stated in the bill or may otherwise dispose of the
19 27 goods, without liability for misdelivery, on instructions
19 28 from:

19 29 a. the holder of a negotiable bill; ~~or~~
19 30 b. the consignor on a nonnegotiable bill notwithstanding,
19 31 even if the consignee has given contrary instructions ~~from the~~

19 32 ~~consignee; or~~

19 33 c. the consignee on a nonnegotiable bill in the absence of
19 34 contrary instructions from the consignor, if the goods have
19 35 arrived at the billed destination or if the consignee is in
20 1 possession of the tangible bill or in control of the
20 2 electronic bill; or

20 3 d. the consignee on a nonnegotiable bill if the consignee
20 4 is entitled as against the consignor to dispose of ~~them the~~
20 5 goods.

20 6 2. Unless ~~such~~ instructions described in subsection 1 are
20 7 noted on included in a negotiable bill of lading, a person to
20 8 whom which the bill is duly negotiated ~~can may~~ hold the bailee
20 9 according to the original terms.

20 10 Sec. 20. Section 554.7304, Code 2007, is amended to read
20 11 as follows:

20 12 554.7304 TANGIBLE BILLS OF LADING IN A SET.

20 13 1. Except ~~where as~~ customary in overseas international
20 14 transportation, a tangible bill of lading ~~must may~~ not be
20 15 issued in a set of parts. The issuer is liable for damages
20 16 caused by violation of this subsection.

20 17 2. ~~Where If~~ a tangible bill of lading is lawfully ~~drawn~~
20 18 issued in a set of parts, each of which ~~is numbered contains~~
20 19 an identification code and is expressed to be valid only if
20 20 the goods have not been delivered against any other part, the
20 21 whole of the parts ~~constitute constitutes~~ one bill.

20 22 3. ~~Where If~~ a tangible negotiable bill of lading is
20 23 lawfully issued in a set of parts and different parts are
20 24 negotiated to different persons, the title of the holder to
20 25 whom which the first due negotiation is made prevails as to
20 26 both the document of title and the goods even though if any
20 27 later holder may have received the goods from the carrier in
20 28 good faith and discharged the carrier's obligation by
20 29 surrender of the later holder's surrendering its part.

20 30 4. ~~Any A~~ person ~~who that~~ negotiates or transfers a single
20 31 part of a tangible bill of lading drawn issued in a set is
20 32 liable to holders of that part as if it were the whole set.

20 33 5. The bailee ~~is obliged to~~ shall deliver in accordance
20 34 with Part 4 of ~~this Article~~ against the first presented part
20 35 of a tangible bill of lading lawfully drawn issued in a set.
21 1 ~~Such delivery~~ Delivery in this manner discharges the bailee's
21 2 obligation on the whole bill.

21 3 Sec. 21. Section 554.7305, Code 2007, is amended to read
21 4 as follows:

21 5 554.7305 DESTINATION BILLS.

21 6 1. Instead of issuing a bill of lading to the consignor at
21 7 the place of shipment, a carrier, ~~may~~ at the request of the
21 8 consignor, ~~may~~ procure the bill to be issued at destination or
21 9 at any other place designated in the request.

21 10 2. Upon request of ~~anyone~~ any person entitled as against
21 11 ~~the~~ a carrier to control the goods while in transit and on
21 12 surrender of possession or control of any outstanding bill of
21 13 lading or other receipt covering such the goods, the issuer,
21 14 ~~subject to section 554.7105,~~ may procure a substitute bill to
21 15 be issued at any place designated in the request.

21 16 Sec. 22. Section 554.7307, Code 2007, is amended to read
21 17 as follows:

21 18 554.7307 LIEN OF CARRIER.

21 19 1. A carrier has a lien on the goods covered by a bill of
21 20 lading or on the proceeds thereof in its possession for
21 21 charges ~~subsequent to~~ after the date of ~~its~~ the carrier's
21 22 receipt of the goods for storage or transportation ~~(including,~~
21 23 ~~including~~ demurrage and terminal ~~charges)~~ charges, and for
21 24 expenses necessary for preservation of the goods incident to
21 25 their transportation or reasonably incurred in their sale
21 26 pursuant to law. ~~But~~ However, against a purchaser for value
21 27 of a negotiable bill of lading, a carrier's lien is limited to
21 28 charges stated in the bill or the applicable tariffs, ~~or,~~ if
21 29 no charges are stated, ~~then to~~ a reasonable charge.

21 30 2. A lien for charges and expenses under subsection 1 on
21 31 goods ~~which~~ that the carrier was required by law to receive
21 32 for transportation is effective against the consignor or any
21 33 person entitled to the goods unless the carrier had notice
21 34 that the consignor lacked authority to subject the goods to
21 35 such ~~those~~ charges and expenses. Any other lien under
22 1 subsection 1 is effective against the consignor and any person
22 2 ~~who~~ that permitted the bailor to have control or possession of
22 3 the goods unless the carrier had notice that the bailor lacked
22 4 ~~such~~ authority.

22 5 3. A carrier loses ~~the carrier's~~ its lien on any goods
22 6 ~~which the carrier~~ that it voluntarily delivers or ~~which the~~
22 7 ~~carrier~~ unjustifiably refuses to deliver.

22 8 Sec. 23. Section 554.7308, Code 2007, is amended to read
22 9 as follows:

22 10 554.7308 ENFORCEMENT OF CARRIER'S LIEN.

22 11 1. A carrier's lien on goods may be enforced by public or
22 12 private sale of the goods, in ~~block~~ bulk or in ~~parcels~~
22 13 packages, at any time or place and on any terms ~~which~~ that are
22 14 commercially reasonable, after notifying all persons known to
22 15 claim an interest in the goods. ~~Such~~ The notification must
22 16 include a statement of the amount due, the nature of the
22 17 proposed sale, and the time and place of any public sale. The
22 18 fact that a better price could have been obtained by a sale at
22 19 a different time or in a ~~different~~ different method different from that
22 20 selected by the carrier is not of itself sufficient to
22 21 establish that the sale was not made in a commercially
22 22 reasonable manner. ~~If~~ The carrier sells goods in a
22 23 commercially reasonable manner if the carrier ~~either~~
22 24 goods in the usual manner in any recognized market therefor,
22 25 ~~or if the carrier~~ sells at the price current in ~~such~~ that
22 26 market at the time of the ~~carrier's~~ sale, ~~or if the carrier~~
22 27 ~~has~~ otherwise ~~sold~~ sells in conformity with commercially
22 28 reasonable practices among dealers in the type of goods sold
22 29 ~~the carrier has sold in a commercially reasonable manner.~~ A
22 30 sale of more goods than apparently necessary to be offered to
22 31 ensure satisfaction of the obligation is not commercially
22 32 reasonable, except in cases covered by the preceding sentence.

22 33 2. Before any sale pursuant to this section, any person
22 34 claiming a right in the goods may pay the amount necessary to
22 35 satisfy the lien and the reasonable expenses incurred ~~under~~ in
23 1 complying with this section. In that event, the goods ~~must~~
23 2 may not be sold, but must be retained by the carrier, subject
23 3 to the terms of the bill of lading and this Article.

23 4 3. ~~The~~ A carrier may buy at any public sale pursuant to
23 5 this section.

23 6 4. A purchaser in good faith of goods sold to enforce a
23 7 carrier's lien takes the goods free of any rights of persons
23 8 against ~~whom~~ which the lien was valid, despite the carrier's

23 9 noncompliance by the carrier with the requirements of with
23 10 this section.

23 11 5. ~~The A carrier may satisfy the carrier's~~ its lien from
23 12 the proceeds of any sale pursuant to this section but ~~must~~
23 13 shall hold the balance, if any, for delivery on demand to any
23 14 person to ~~whom~~ which the carrier would have been bound to
23 15 deliver the goods.

23 16 6. The rights provided by this section ~~shall be~~ are in
23 17 addition to all other rights allowed by law to a creditor
23 18 against ~~the creditor's~~ a debtor.

23 19 7. A carrier's lien may be enforced ~~in accordance with~~
23 20 pursuant to either subsection 1 or the procedure set forth in
23 21 ~~subsection 2 of section 554.7210,~~ subsection 2.

23 22 8. ~~The A carrier is liable for damages caused by failure~~
23 23 to comply with the requirements for sale under this section
23 24 and, in case of willful violation, is liable for conversion.

23 25 Sec. 24. Section 554.7309, Code 2007, is amended to read
23 26 as follows:

23 27 554.7309 DUTY OF CARE == CONTRACTUAL LIMITATION OF
23 28 CARRIER'S LIABILITY.

23 29 1. A carrier ~~who that~~ that issues a bill of lading, whether
23 30 negotiable or nonnegotiable ~~must,~~ shall exercise the degree of
23 31 care in relation to the goods which a reasonably careful
23 32 person would exercise under ~~like~~ similar circumstances. This
23 33 subsection does not ~~repeal or change~~ affect any law or
23 34 statute, regulation, or rule of law which that imposes
23 35 liability upon a common carrier for damages not caused by its
24 1 negligence.

24 2 2. Damages may be limited by a provision term in the bill
24 3 of lading or in a transportation agreement that the carrier's
24 4 liability ~~shall~~ may not exceed a value stated in the ~~document~~
24 5 bill or transportation agreement if the carrier's rates are
24 6 dependent upon value and the consignor ~~by the carrier's tariff~~
24 7 is afforded an opportunity to declare a higher value ~~or a~~
24 8 ~~value as lawfully provided in the tariff, or where no tariff~~
24 9 ~~is filed and the consignor is otherwise advised of such the~~
24 10 opportunity; ~~but no.~~ However, such a limitation is not
24 11 effective with respect to the carrier's liability for
24 12 conversion to its own use.

24 13 3. Reasonable provisions as to the time and manner of
24 14 presenting claims and ~~instituting~~ commencing actions based on
24 15 the shipment may be included in a bill of lading or ~~tariff a~~
24 16 transportation agreement.

24 17 Sec. 25. Section 554.7401, Code 2007, is amended to read
24 18 as follows:

24 19 554.7401 IRREGULARITIES IN ISSUE OF RECEIPT OR BILL OR
24 20 CONDUCT OF ISSUER.

24 21 The obligations imposed by this Article on an issuer apply
24 22 to a document of title ~~regardless of the fact that even if:~~

24 23 1. the document ~~may~~ does not comply with the requirements
24 24 of this Article or of any other law statute, rule, or
24 25 regulation regarding its issue issuance, form, or content; or

24 26 2. the issuer ~~may have~~ violated laws regulating the
24 27 conduct of ~~the issuer's~~ its business; ~~or~~

24 28 3. the goods covered by the document were owned by the
24 29 bailee ~~at the time when~~ when the document was issued; or

24 30 4. the person issuing the document ~~does not come within~~
24 31 ~~the definition of is not a warehouse operator if it but the~~
24 32 document purports to be a warehouse receipt.

24 33 Sec. 26. Section 554.7402, Code 2007, is amended to read
24 34 as follows:

24 35 554.7402 DUPLICATE RECEIPT OR BILL DOCUMENT OF TITLE ==
25 1 OVERISSUE.

25 2 ~~Neither a~~ A duplicate ~~nor~~ or any other document of title
25 3 purporting to cover goods already represented by an
25 4 outstanding document of the same issuer ~~confers~~ does not
25 5 confer any right in the goods, except as provided in the case
25 6 of tangible bills of lading in a set of parts, overissue of
25 7 documents for fungible goods, and substitutes for lost,
25 8 stolen, or destroyed documents, or substitute documents issued
25 9 pursuant to section 554.7105. ~~But the~~ The issuer is liable

25 10 for damages caused by ~~the issuer's~~ its overissue or failure to
25 11 identify a duplicate document ~~as such~~ by a conspicuous
25 12 notation ~~on its face.~~

25 13 Sec. 27. Section 554.7403, Code 2007, is amended to read
25 14 as follows:

25 15 554.7403 OBLIGATION OF ~~WAREHOUSE OPERATOR OR CARRIER~~
25 16 BAILEE TO DELIVER == EXCUSE.

25 17 1. ~~The A~~ bailee ~~must~~ shall deliver the goods to a person
25 18 entitled under ~~the a~~ a document ~~who~~ of title if the person
25 19 complies with subsections 2 and 3, unless and to the extent

25 20 that the bailee establishes any of the following:
25 21 a. delivery of the goods to a person whose receipt was
25 22 rightful as against the claimant;
25 23 b. damage to or delay, loss, or destruction of the goods
25 24 for which the bailee is not liable, ~~but the burden of~~
~~25 25 establishing negligence in such cases is on the person~~
~~25 26 entitled under the document;~~
25 27 c. previous sale or other disposition of the goods in
25 28 lawful enforcement of a lien or on ~~the warehouse operator's a~~
~~25 29 warehouse's~~ lawful termination of storage;
25 30 d. the exercise by a seller of ~~the seller's~~ its right to
25 31 stop delivery pursuant to ~~the provisions of the Article on~~
~~25 32 Sales (section 554.2705) section 554.2705 or by a lessor of~~
~~25 33 its right to stop delivery pursuant to section 554.13526;~~
25 34 e. a diversion, reconsignment, or other disposition
25 35 pursuant to ~~the provisions of this Article (section 554.7303)~~
~~26 1 or tariff regulating such right section 554.7303;~~
26 2 f. release, satisfaction or any other ~~fact affording a~~
26 3 personal defense against the claimant; or
26 4 g. any other lawful excuse.
26 5 2. A person claiming goods covered by a document of title
26 6 ~~must shall~~ satisfy the bailee's lien ~~where if~~ the bailee so
26 7 requests or ~~where if~~ the bailee is prohibited by law from
26 8 delivering the goods until the charges are paid.
26 9 3. Unless ~~the a~~ person claiming the goods is ~~one a person~~
26 10 against ~~whom which~~ the document ~~confers no of title does not~~
~~26 11 confer a right under section 554.7503, subsection 1, that:~~
26 12 a. ~~the person must claiming under a document shall~~
26 13 ~~surrender possession or control of any outstanding negotiable~~
26 14 ~~document covering the goods for cancellation or notation~~
26 15 ~~indication of partial deliveries any outstanding negotiable~~
26 16 ~~document covering the goods, and the bailee must cancel the~~
26 17 ~~document or conspicuously note the partial delivery thereon or~~
26 18 ~~be liable to any person to whom the document is duly~~
26 19 ~~negotiated.; and~~
26 20 b. ~~the bailee shall cancel the document or conspicuously~~
26 21 ~~indicate in the document the partial delivery or the bailee is~~
26 22 ~~liable to any person to which the document is duly negotiated.~~
26 23 4. ~~"Person entitled under the document" means holder in~~
26 24 ~~the case of a negotiable document, or the person to whom~~
26 25 ~~delivery is to be made by the terms of or pursuant to written~~
26 26 ~~instructions under a nonnegotiable document.~~
26 27 Sec. 28. Section 554.7404, Code 2007, is amended to read
26 28 as follows:
26 29 554.7404 NO LIABILITY FOR ~~GOOD FAITH~~ GOOD=FAITH DELIVERY
26 30 PURSUANT TO RECEIPT OR BILL DOCUMENT OF TITLE.
26 31 A bailee ~~who that~~ in good faith including ~~observance of~~
26 32 ~~reasonable commercial standards~~ has received goods and
26 33 delivered or otherwise disposed of ~~them~~ the goods according to
26 34 the terms of ~~the a~~ document of title or pursuant to this
26 35 Article is not liable ~~therefor. This rule applies even though~~
27 1 for the goods even if:
27 2 1. the person from ~~whom which~~ the bailee received the
27 3 goods ~~had no did not have~~ authority to procure the document or
27 4 to dispose of the goods ~~and even though; or~~
27 5 2. the person to ~~whom which~~ the bailee delivered the goods
27 6 ~~had no did not have~~ authority to receive ~~them~~ the goods.
27 7 Sec. 29. Section 554.7501, Code 2007, is amended to read
27 8 as follows:
27 9 554.7501 FORM OF NEGOTIATION AND REQUIREMENTS OF ~~"DUE~~
27 10 ~~NEGOTIATION"~~ DUE NEGOTIATION.
27 11 1. ~~A~~ The following rules apply to a negotiable tangible
27 12 document of title running:
27 13 a. If the document's original terms run to the order of a
27 14 named person, the document is negotiated by that the named
27 15 person's endorsement indorsement and delivery. After that the
27 16 named person's endorsement indorsement in blank or to bearer,
27 17 any person can may negotiate it the document by delivery
27 18 alone.
27 19 2. ~~a. b.~~ A negotiable document of title is also
27 20 negotiated by delivery alone when by its If the document's
27 21 original terms it runs run to bearer, it is negotiated by
27 22 delivery alone.
27 23 b. ~~c.~~ When a document running If the document's original
27 24 terms run to the order of a named person and it is delivered
27 25 to the named person, the effect is the same as if the document
27 26 had been negotiated.
27 27 3. ~~d.~~ Negotiation of a negotiable the document of title
27 28 after it has been endorsed indorsed to a specified named
27 29 person requires endorsement indorsement by the special
27 30 endorsee as well as named person and delivery.

27 31 ~~4. e.~~ A negotiable document of title is "duly negotiated"
27 32 when "duly negotiated" if it is negotiated in the manner
27 33 stated in this ~~section subsection~~ to a holder ~~who that~~
27 34 purchases it in good faith, without notice of any defense
27 35 against or claim to it on the part of any person, and for
28 1 value, unless it is established that the negotiation is not in
28 2 the regular course of business or financing or involves
28 3 receiving the document in settlement or payment of a ~~money~~
28 4 ~~monetary~~ obligation.

28 5 2. The following rules apply to a negotiable electronic
28 6 document of title:

28 7 a. If the document's original terms run to the order of a
28 8 named person or to bearer, the document is negotiated by
28 9 delivery of the document to another person. Indorsement by
28 10 the named person is not required to negotiate the document.

28 11 b. If the document's original terms run to the order of a
28 12 named person and the named person has control of the document,
28 13 the effect is the same as if the document had been negotiated.

28 14 c. A document is duly negotiated if it is negotiated in
28 15 the manner stated in this subsection to a holder that
28 16 purchases it in good faith, without notice of any defense
28 17 against or claim to it on the part of any person, and for
28 18 value, unless it is established that the negotiation is not in
28 19 the regular course of business or financing or involves taking
28 20 delivery of the document in settlement or payment of a
28 21 monetary obligation.

28 22 ~~5. 3. Endorsement Indorsement~~ of a nonnegotiable document
28 23 of title neither makes it negotiable nor adds to the
28 24 transferee's rights.

28 25 ~~6. 4.~~ The naming in a negotiable bill of lading of a
28 26 person to be notified of the arrival of the goods does not
28 27 limit the negotiability of the bill ~~nor~~ or constitute notice
28 28 to a purchaser ~~thereof of the bill~~ of any interest of ~~such~~
28 29 ~~that~~ person in the goods.

28 30 Sec. 30. Section 554.7502, subsection 1, unnumbered
28 31 paragraph 1, Code 2007, is amended to read as follows:

28 32 Subject to ~~the following section and to the provisions of~~
28 33 ~~section sections~~ 554.7205 on fungible goods and 554.7503, a
28 34 holder to ~~whom which~~ a negotiable document of title has been
28 35 duly negotiated acquires thereby:

29 1 Sec. 31. Section 554.7502, subsection 1, paragraph d, Code
29 2 2007, is amended to read as follows:

29 3 d. the direct obligation of the issuer to hold or deliver
29 4 the goods according to the terms of the document free of any
29 5 defense or claim by the issuer except those arising under the
29 6 terms of the document or under this Article. ~~In, but in~~ the
29 7 case of a delivery order, the bailee's obligation accrues only
29 8 upon ~~the bailee's acceptance of the delivery order~~ and the
29 9 obligation acquired by the holder is that the issuer and any
29 10 ~~endorser indorser~~ will procure the acceptance of the bailee.

29 11 Sec. 32. Section 554.7502, subsection 2, Code 2007, is
29 12 amended to read as follows:

29 13 2. Subject to ~~the following~~ section 554.7503, title and
29 14 rights ~~so~~ acquired by due negotiation are not defeated by any
29 15 stoppage of the goods represented by the document of title or
29 16 by surrender of ~~such the~~ goods by the bailee, and are not
29 17 impaired even ~~though if:~~

29 18 a. the due negotiation or any prior due negotiation
29 19 constituted a breach of duty ~~or even though;~~

29 20 b. any person has been deprived of possession of ~~the a~~
29 21 negotiable tangible document or control of a negotiable
29 22 electronic document by misrepresentation, fraud, accident,

29 23 mistake, duress, loss, theft, or conversion, ~~or even though~~

29 24 c. a previous sale or other transfer of the goods or
29 25 document has been made to a third person.

29 26 Sec. 33. Section 554.7503, Code 2007, is amended to read
29 27 as follows:

29 28 554.7503 DOCUMENT OF TITLE TO GOODS DEFEATED IN CERTAIN
29 29 CASES.

29 30 1. A document of title confers no right in goods against a
29 31 person ~~who that~~ before issuance of the document had a legal
29 32 interest or a perfected security interest in them and ~~who~~
29 33 ~~neither in the goods and that did not:~~

29 34 a. ~~delivered deliver~~ or ~~entrusted them~~ entrust the goods
29 35 or any document of title covering ~~them the goods~~ to the bailor
30 1 or the bailor's nominee with:

30 2 (1) actual or apparent authority to ship, store, or sell
30 3 or ~~with;~~

30 4 (2) power to obtain delivery under ~~this Article (section~~
30 5 ~~554.7403) section 554.7403;~~ or with

30 6 (3) power of disposition under ~~this chapter (sections~~

30 7 ~~sections 554.2403 and 554.9320~~, 554.9320, 554.9321,
30 8 ~~subsection 3, 554.13304, subsection 2, or 554.13305,~~
30 9 ~~subsection 2,~~ or other statute or rule of law; ~~nor or~~
30 10 b. ~~acquiesced~~ acquiesce in the procurement by the bailor
30 11 or the bailor's ~~its~~ nominee of any document of title.
30 12 2. Title to goods based upon an unaccepted delivery order
30 13 is subject to the rights of ~~anyone any person to whom which~~ a
30 14 negotiable warehouse receipt or bill of lading covering the
30 15 goods has been duly negotiated. ~~Such a That~~ title may be
30 16 defeated under ~~the next~~ section 554.7504 to the same extent as
30 17 the rights of the issuer or a transferee from the issuer.
30 18 3. Title to goods based upon a bill of lading issued to a
30 19 freight forwarder is subject to the rights of ~~anyone any~~
30 20 ~~person to whom which~~ a bill issued by the freight forwarder is
30 21 duly negotiated; ~~but, However,~~ delivery by the carrier in
30 22 accordance with Part 4 of this Article pursuant to its own
30 23 bill of lading discharges the carrier's obligation to deliver.
30 24 Sec. 34. Section 554.7504, Code 2007, is amended to read
30 25 as follows:
30 26 554.7504 RIGHTS ACQUIRED IN ~~THE~~ ABSENCE OF DUE NEGOTIATION
30 27 == EFFECT OF DIVERSION == ~~SELLER'S~~ STOPPAGE OF DELIVERY.
30 28 1. A transferee of a document of title, whether negotiable
30 29 or nonnegotiable, to ~~whom which~~ the document has been
30 30 delivered but not duly negotiated, acquires the title and
30 31 rights ~~which the transferee's that its~~ transferor had or had
30 32 actual authority to convey.
30 33 2. In the case of a transfer of a nonnegotiable document
30 34 of title, until but not after the bailee receives notification
30 35 notice of the transfer, the rights of the transferee may be
31 1 defeated:
31 2 a. by those creditors of the transferor who could treat
31 3 the ~~sale~~ transfer as void under section 554.2402 or 554.13308;
31 4 ~~or~~
31 5 b. by a buyer from the transferor in ordinary course of
31 6 business if the bailee has delivered the goods to the buyer or
31 7 received notification of the buyer's rights; ~~or~~
31 8 c. by a lessee from the transferor in ordinary course of
31 9 business if the bailee has delivered the goods to the lessee
31 10 or received notification of the lessee's rights; or
31 11 d. as against the bailee, by good faith good=faith
31 12 dealings of the bailee with the transferor.
31 13 3. A diversion or other change of shipping instructions by
31 14 the consignor in a nonnegotiable bill of lading which causes
31 15 the bailee not to deliver the goods to the consignee defeats
31 16 the consignee's title to the goods if ~~they the goods~~ have been
31 17 delivered to a buyer in ordinary course of business or a
31 18 lessee in ordinary course of business and, in any event,
31 19 defeats the consignee's rights against the bailee.
31 20 4. Delivery of the goods pursuant to a nonnegotiable
31 21 document of title may be stopped by a seller under section
31 22 554.2705, and or a lessor under section 554.13526, subject to
31 23 the requirement requirements of due notification ~~there~~
31 24 provided in those sections. A bailee ~~honoring that honors~~ the
31 25 seller's or lessor's instructions is entitled to be
31 26 indemnified by the seller or lessor against any resulting loss
31 27 or expense.
31 28 Sec. 35. Section 554.7505, Code 2007, is amended to read
31 29 as follows:
31 30 554.7505 ~~ENDORSER~~ INDORSER NOT ~~A~~ GUARANTOR FOR OTHER
31 31 PARTIES.
31 32 The ~~endorsement~~ indorsement of a tangible document of title
31 33 issued by a bailee does not make the ~~endorser indorser~~ liable
31 34 for any default by the bailee or ~~by previous endorsers~~
31 35 indorsers.
32 1 Sec. 36. Section 554.7506, Code 2007, is amended to read
32 2 as follows:
32 3 554.7506 ~~DELIVERY WITHOUT ENDORSEMENT~~ INDORSEMENT == RIGHT
32 4 TO COMPEL ~~ENDORSEMENT~~ INDORSEMENT.
32 5 The transferee of a negotiable tangible document of title
32 6 has a specifically enforceable right to have ~~the transferee's~~
32 7 its transferor supply any necessary ~~endorsement indorsement,~~
32 8 but the transfer becomes a negotiation only as of the time the
32 9 ~~endorsement indorsement~~ is supplied.
32 10 Sec. 37. Section 554.7507, Code 2007, is amended to read
32 11 as follows:
32 12 554.7507 WARRANTIES ON NEGOTIATION OR TRANSFER DELIVERY OF
32 13 RECEIPT OR BILL DOCUMENT OF TITLE.
32 14 ~~Where If~~ a person negotiates or transfers delivers a
32 15 document of title for value otherwise than as a mere
32 16 intermediary under ~~the next following~~ section 554.7508, ~~then~~
32 17 ~~unless otherwise agreed that person, the transferor, in~~

~~32 18 addition to any warranty made in selling or leasing the goods,
32 19 warrants to that person's its immediate purchaser only in
32 20 addition to any warranty made in selling the goods that:
32 21 a. 1. that the document is genuine; and
32 22 b. 2. that that person has no the transferor does not
32 23 have knowledge of any fact which that would impair its the
32 24 document's validity or worth; and
32 25 c. 3. that that person's the negotiation or transfer
32 26 delivery is rightful and fully effective with respect to the
32 27 title to the document and the goods it represents.
32 28 Sec. 38. Section 554.7508, Code 2007, is amended to read
32 29 as follows:
32 30 554.7508 WARRANTIES OF COLLECTING BANK AS TO DOCUMENTS OF
32 31 TITLE.~~

~~32 32 A collecting bank or other intermediary known to be
32 33 entrusted with documents of title on behalf of another or with
32 34 collection of a draft or other claim against delivery of
32 35 documents warrants by such the delivery of the documents only
33 1 its own good faith and authority. This rule applies even
33 2 though if the collecting bank or other intermediary has
33 3 purchased or made advances against the claim or draft to be
33 4 collected.
33 5 Sec. 39. Section 554.7509, Code 2007, is amended to read
33 6 as follows:
33 7 554.7509 RECEIPT OR BILL: WHEN ADEQUATE COMPLIANCE WITH
33 8 COMMERCIAL CONTRACT.~~

~~33 9 The question whether Whether a document of title is
33 10 adequate to fulfill the obligations of a contract for sale, a
33 11 contract for lease, or the conditions of a letter of credit is
33 12 governed determined by the Articles on Sales (Article 2) and
33 13 on Letters of Credit (Article 5) Article 2, 5, or 13.~~

~~33 14 Sec. 40. Section 554.7601, Code 2007, is amended to read
33 15 as follows:
33 16 554.7601 LOST AND MISSING, STOLEN, OR DESTROYED DOCUMENTS
33 17 OF TITLE.~~

~~33 18 1. If a document has been of title is lost, stolen, or
33 19 destroyed, a court may order delivery of the goods or issuance
33 20 of a substitute document and the bailee may without liability
33 21 to any person comply with such the order. If the document was
33 22 negotiable, a court may not order delivery of the goods or
33 23 issuance of a substitute document without the claimant must
33 24 post claimant's posting security approved by the court to
33 25 indemnify unless it finds that any person who that may suffer
33 26 loss as a result of nonsurrender of possession or control of
33 27 the document is adequately protected against the loss. If the
33 28 document was not negotiable, such security the court may be
33 29 required at the discretion of the court require security. The
33 30 court may also in its discretion order payment of the bailee's
33 31 reasonable costs and counsel attorney's fees in any action
33 32 under this subsection.~~

~~33 33 2. A bailee who that, without a court order, delivers
33 34 goods to a person claiming under a missing negotiable document
33 35 of title is liable to any person injured thereby, and if. If
34 1 the delivery is not in good faith becomes, the bailee is
34 2 liable for conversion. Delivery in good faith is not
34 3 conversion if made in accordance with a filed classification
34 4 or tariff or, where no classification or tariff is filed, if
34 5 the claimant posts security with the bailee in an amount at
34 6 least double the value of the goods at the time of posting to
34 7 indemnify any person injured by the delivery who which files a
34 8 notice of claim within one year after the delivery.~~

~~34 9 3. If a warehouse receipt has been lost or destroyed, the
34 10 warehouse operator shall issue a duplicate upon receipt of:~~

~~34 11 a. An affidavit that the warehouse receipt has been lost
34 12 or destroyed.~~

~~34 13 b. A bond in an amount at least double the value of the
34 14 goods at the time of posting the bond, to indemnify any person
34 15 injured by issuance of the duplicate warehouse receipt who
34 16 files a notice of claim within one year after delivery of the
34 17 goods.~~

~~34 18 A duplicate warehouse receipt shall be plainly marked to
34 19 indicate that it is a duplicate. A receipt plainly marked as
34 20 a duplicate is a representation and warranty by the warehouse
34 21 operator that the duplicate receipt is an accurate copy of an
34 22 original receipt properly issued and uncanceled at the date of
34 23 the issue of the duplicate, but shall impose upon the
34 24 warehouse operator no other liability.~~

~~34 25 A warehouse operator who in good faith delivers goods to
34 26 the holder of a duplicate receipt issued in accordance with
34 27 this subsection is liable to any person injured by the
34 28 delivery, but only to the extent of the security posted in~~

~~34 29 accordance with paragraph "b" of this subsection.~~

~~34 30 4. If a warehouse receipt has been lost or destroyed, the
34 31 depositor may either remove the goods from the warehouse or
34 32 sell the goods to the warehouse operator after executing a
34 33 lost warehouse receipt release on a form prescribed by the
34 34 department of agriculture and land stewardship. The form
34 35 shall include an affidavit stating that the warehouse receipt
35 1 has been lost or destroyed, and the depositor's undertaking to
35 2 indemnify the warehouse operator for any loss incurred as a
35 3 result of the loss or destruction of the warehouse receipt.
35 4 The form shall be filed with the department of agriculture and
35 5 land stewardship.~~

~~35 6 5. If a warehouse receipt has been lost or destroyed by a
35 7 warehouse operator after delivery of the goods or purchase of
35 8 the goods by the warehouse operator, the warehouse operator
35 9 shall execute and file with the department of agriculture and
35 10 land stewardship a notarized affidavit stating that the
35 11 warehouse receipt has been lost or destroyed by the warehouse
35 12 operator after delivery or purchase of the goods by the
35 13 warehouse operator. The form of the affidavit shall be
35 14 prescribed by the department of agriculture and land
35 15 stewardship.~~

35 16 Sec. 41. NEW SECTION. 554.7601A LOST, STOLEN, OR
35 17 DESTROYED DOCUMENTS == ADDITIONAL REQUIREMENTS.

35 18 1. a. If a warehouse receipt has been lost, stolen, or
35 19 destroyed, the warehouse shall issue a duplicate upon receipt
35 20 of:

35 21 (1) an affidavit that the warehouse receipt has been lost,
35 22 stolen, or destroyed.

35 23 (2) a bond in an amount at least double the value of the
35 24 goods at the time of posting the bond, to indemnify any person
35 25 injured by issuance of the duplicate warehouse receipt who
35 26 files a notice of claim within one year after delivery of the
35 27 goods.

35 28 b. A duplicate warehouse receipt shall be plainly marked
35 29 to indicate that it is a duplicate. A receipt plainly marked
35 30 as a duplicate is a representation and warranty by the
35 31 warehouse that the duplicate receipt is an accurate copy of an
35 32 original receipt properly issued and uncanceled at the date of
35 33 the issue of the duplicate, but shall not impose upon the
35 34 warehouse other liability.

35 35 c. A warehouse which in good faith delivers goods to the
36 1 holder of a duplicate receipt issued in accordance with this
36 2 subsection is liable to any person injured by the delivery,
36 3 but only to the extent of the security posted in accordance
36 4 with paragraph "b" of this subsection.

36 5 2. If a warehouse receipt has been lost, stolen, or
36 6 destroyed, the depositor may either remove the goods from the
36 7 warehouse facility or sell the goods to the warehouse after
36 8 executing a lost warehouse receipt release on a form
36 9 prescribed by the department of agriculture and land
36 10 stewardship. The form shall include an affidavit stating that
36 11 the warehouse receipt has been lost or destroyed, and the
36 12 depositor's undertaking to indemnify the warehouse for any
36 13 loss incurred as a result of the loss or destruction of the
36 14 warehouse receipt. The form shall be filed with the
36 15 department of agriculture and land stewardship.

36 16 3. If a warehouse receipt has been lost or destroyed by a
36 17 warehouse after delivery of the goods or purchase of the goods
36 18 by the warehouse, the warehouse shall execute and file with
36 19 the department of agriculture and land stewardship a notarized
36 20 affidavit stating that the warehouse receipt has been lost or
36 21 destroyed by the warehouse after delivery or purchase of the
36 22 goods by the warehouse. The form of the affidavit shall be
36 23 prescribed by the department of agriculture and land
36 24 stewardship.

36 25 Sec. 42. Section 554.7602, Code 2007, is amended to read
36 26 as follows:

36 27 554.7602 ~~ATTACHMENT OF JUDICIAL PROCESS AGAINST GOODS~~
36 28 ~~COVERED BY A NEGOTIABLE DOCUMENT OF TITLE.~~

36 29 Except where the Unless a document of title was originally
36 30 issued upon delivery of the goods by a person who had no that
36 31 did not have power to dispose of them, no a lien attaches does
36 32 not attach by virtue of any judicial process to goods in the
36 33 possession of a bailee for which a negotiable document of
36 34 title is outstanding unless possession or control of the
36 35 document be is first surrendered to the bailee or its the
37 1 document's negotiation is enjoined, and the. The bailee shall
37 2 may not be compelled to deliver the goods pursuant to process
37 3 until possession or control of the document is surrendered to
37 4 the bailee or impounded by to the court. One who purchases A

37 5 purchaser of the document for value without notice of the
37 6 process or injunction takes free of the lien imposed by
37 7 judicial process.
37 8 Sec. 43. Section 554.7603, Code 2007, is amended to read
37 9 as follows:
37 10 554.7603 CONFLICTING CLAIMS == INTERPLEADER.
37 11 If more than one person claims title to or possession of
37 12 the goods, the bailee is excused from delivery until the
37 13 bailee has ~~had~~ a reasonable time to ascertain the validity of
37 14 the adverse claims or to bring commence an action to ~~compel~~
~~37 15 all claimants to interplead and may compel such interpleader,~~
37 16 for interpleader. The bailee may assert an interpleader
37 17 either in defending an action for nondelivery of the goods, or
37 18 by original action, ~~whichever is appropriate.~~
37 19 Sec. 44. Section 554.10104, Code 2007, is repealed.
37 20 Sec. 45. APPLICABILITY. This Act applies to a document of
37 21 title that is issued or a bailment that arises on or after the
37 22 effective date of this Act. This Act does not apply to a
37 23 document of title that is issued or a bailment that arises
37 24 before the effective date of this Act even if the document of
37 25 title or bailment would be subject to this Act if the document
37 26 of title had been issued or bailment had arisen on or after
37 27 the effective date of this Act. This Act does not apply to a
37 28 right of action that has accrued before the effective date of
37 29 this Act.
37 30 Sec. 46. SAVINGS CLAUSE. A document of title issued or a
37 31 bailment that arises before the effective date of this Act and
37 32 the rights, obligations, and interests flowing from that
37 33 document or bailment are governed by any statute or other rule
37 34 amended or repealed by this Act as if amendment or repeal had
37 35 not occurred and may be terminated, completed, consummated, or
38 1 enforced under that statute or other rule.

38 2 DIVISION II
38 3 COORDINATING AMENDMENTS
38 4 PART A
38 5 ARTICLE 1

38 6 Sec. 47. Section 554.1201, subsections 5, 6, 10, 14, 15,
38 7 20, 25, 26, 27, 38, and 45, Code 2007, are amended to read as
38 8 follows:

38 9 5. "Bearer" means ~~the~~ a person in control of a negotiable
38 10 electronic document of title or a person in possession of an
38 11 instrument, a negotiable tangible document of title, or a
38 12 certificated security payable to bearer or endorsed in blank.

38 13 6. "Bill of lading" means a document of title evidencing
38 14 the receipt of goods for shipment issued by a person engaged
38 15 in the business of directly or indirectly transporting or
38 16 forwarding goods, and includes an airbill. "Airbill" means a
~~38 17 document serving for air transportation as a bill of lading~~
~~38 18 does for marine or rail transportation, and includes an air~~
~~38 19 consignment note or air waybill. The term does not include a~~
38 20 warehouse receipt.

38 21 10. "Conspicuous" ~~:- A, with reference to a term or clause~~
~~38 22 is conspicuous when it is, means so written, displayed, or~~
38 23 presented that a reasonable person against whom which it is to
38 24 operate ought to have noticed it. Whether a term is
38 25 "conspicuous" or not is a decision for the court. Conspicuous
38 26 terms include the following:

38 27 a. ~~A printed a heading in capitals (as: "Nonnegotiable~~
~~38 28 Bill of Lading") is conspicuous equal to or greater in size~~
38 29 than the surrounding text, or in contrasting type, font, or
38 30 color to the surrounding text of the same or lesser size; and

38 31 b. ~~Language language in the body of a form is~~
~~38 32 "conspicuous" if it is record or display in larger or other~~
38 33 contrasting type than the surrounding text, or in contrasting
38 34 type, font, or color to the surrounding text of the same size,
38 35 or set off from surrounding text of the same size by symbols
39 1 or other marks that call attention to the language. But in a
39 2 telegram any stated term is "conspicuous". Whether a term or
39 3 clause is "conspicuous" or not is for decision by the court.

39 4 14. "Delivery" with respect to an electronic document of
39 5 title means voluntary transfer of control and with respect to
39 6 instruments, tangible documents of title, chattel paper, or
39 7 certificated securities means voluntary transfer of
39 8 possession.

39 9 15. "Document of title" ~~includes bill of lading, dock~~
~~39 10 warrant, dock receipt, warehouse receipt or order for the~~
~~39 11 delivery of goods, and also any other document which means a~~
39 12 record that

39 13 a. in the regular course of business or financing is
39 14 treated as adequately evidencing that the person in possession
39 15 or control of it the record is entitled to receive, control,

39 16 hold, and dispose of the document record and the goods it the
39 17 record covers and
39 18 b. that purports to be issued by or addressed to a bailee
39 19 and to cover goods in the bailee's possession which are either
39 20 identified or are fungible portions of an identified mass.
39 21 The term includes a bill of lading, transport document, dock
39 22 warrant, dock receipt, warehouse receipt, and order for
39 23 delivery of goods.

39 24 ~~To be a~~ An electronic document of title means a document of
39 25 title evidenced by a record consisting of information stored
39 26 in an electronic medium. A tangible document of title means a
39 27 document ~~must purport to be issued by or addressed to~~ of title
39 28 ~~evidenced by a bailee and purport to cover goods in the~~
39 29 ~~bailee's possession which are either identified or are~~
39 30 ~~fungible portions of an identified mass~~ record consisting of
39 31 information that is inscribed on a tangible medium.

39 32 20. "Holder", with respect to a negotiable instrument,
39 33 means:

39 34 a. the person in possession ~~if the~~ of a negotiable
39 35 instrument ~~that is payable either to bearer or, in the case of~~
40 1 ~~an instrument payable to an identified person, if the~~
40 2 ~~identified that is the person is in possession;~~

40 3 b. "Holder" with respect to the person in possession of a
40 4 negotiable tangible document of title means the person in
40 5 possession if the goods are deliverable ~~either to bearer or to~~
40 6 the order of the person in possession; ~~or~~

40 7 c. the person in control of a negotiable electronic
40 8 document of title.

40 9 25. A Subject to subsection 27, a person has "notice" of a
40 10 fact ~~when if the person~~

40 11 a. the person has actual knowledge of it; ~~or~~
40 12 b. the person has received a notice or notification of it;

40 13 or
40 14 c. from all the facts and circumstances known to the
40 15 person at the time in question, ~~the person~~ has reason to know
40 16 that it exists.

40 17 PARAGRAPH DIVIDED. A person "knows" or has "knowledge" of
40 18 a fact when ~~that the~~ person has actual knowledge of it.
40 19 "Discover" or "learn" or a word or phrase of similar import
40 20 refers to knowledge rather than to reason to know. The time
40 21 and circumstances under which a notice or notification may
40 22 cease to be effective are not determined by this chapter.

40 23 26. A person "notifies" or "gives" a notice or
40 24 notification to another person by taking such steps as may be
40 25 reasonably required to inform the other person in ordinary
40 26 course, whether or not ~~such the other person~~ actually comes to
40 27 know of it. A Subject to subsection 27, a person "receives" a
40 28 notice or notification when

40 29 a. it comes to that person's attention; or
40 30 b. it is duly delivered in a form reasonable under the

40 31 circumstances at the place of business through which the
40 32 contract was made or at ~~any other place~~ another location held
40 33 out by that person as the place for receipt of such
40 34 communications.

40 35 27. Notice, knowledge, or a notice or notification
41 1 received by an organization is effective for a particular
41 2 transaction from the time when it is brought to the attention
41 3 of the individual conducting that transaction, and in any
41 4 event, from the time when it would have been brought to ~~that~~
41 5 the individual's attention if the organization had exercised
41 6 due diligence. An organization exercises due diligence if it
41 7 maintains reasonable routines for communicating significant
41 8 information to the person conducting the transaction and there
41 9 is reasonable compliance with the routines. Due diligence
41 10 does not require an individual acting for the organization to
41 11 communicate information unless such communication is part of
41 12 ~~that the~~ individual's regular duties or ~~unless~~ the individual
41 13 has reason to know of the transaction and that the transaction
41 14 would be materially affected by the information.

41 15 38. "Send" in connection with any writing, record, or
41 16 notice means:

41 17 a. to deposit in the mail or deliver for transmission by
41 18 any other usual means of communication with postage or cost of
41 19 transmission provided for and properly addressed and, in the
41 20 case of an instrument, to an address specified thereon or
41 21 otherwise agreed, or if there be none to any address
41 22 reasonable under the circumstances; ~~or~~

41 23 b. ~~The receipt of~~ in any writing other way to cause to be
41 24 received any record or notice within the time ~~at which it~~
41 25 would have arrived if properly sent ~~has the effect of a proper~~
41 26 ~~sending~~.

41 27 45. "Warehouse receipt" means a ~~receipt~~ document of title
41 28 issued by a person engaged in the business of storing goods
41 29 for hire.

41 30 PART B
41 31 ARTICLE 2

41 32 Sec. 48. Section 554.2103, subsection 3, Code 2007, is
41 33 amended to read as follows:

41 34 3. ~~The "Control" as provided in section 554.7106 and the~~
41 35 following definitions in other Articles apply to this Article:

42 1 "Check" Section 554.3104
42 2 "Consignee" Section 554.7102
42 3 "Consignor" Section 554.7102
42 4 "Consumer goods" Section 554.9102
42 5 "Dishonor" Section 554.3502
42 6 "Draft" Section 554.3104

42 7 Sec. 49. Section 554.2104, subsection 2, Code 2007, is
42 8 amended to read as follows:

42 9 2. "Financing agency" means a bank, finance company or
42 10 other person who in the ordinary course of business makes
42 11 advances against goods or documents of title or who by
42 12 arrangement with either the seller or the buyer intervenes in
42 13 ordinary course to make or collect payment due or claimed
42 14 under the contract for sale, as by purchasing or paying the
42 15 seller's draft or making advances against it or by merely
42 16 taking it for collection whether or not documents of title
42 17 accompany or are associated with the draft. "Financing
42 18 agency" includes also a bank or other person who similarly
42 19 intervenes between persons who are in the position of seller
42 20 and buyer in respect to the goods (section 554.2707).

42 21 Sec. 50. Section 554.2310, Code 2007, is amended to read
42 22 as follows:

42 23 554.2310 OPEN TIME FOR PAYMENT OR RUNNING OF CREDIT ==
42 24 AUTHORITY TO SHIP UNDER RESERVATION.

42 25 Unless otherwise agreed

42 26 a. payment is due at the time and place at which the buyer
42 27 is to receive the goods even though the place of shipment is
42 28 the place of delivery; and

42 29 b. if the seller is authorized to send the goods the
42 30 seller may ship them under reservation, and may tender the
42 31 documents of title, but the buyer may inspect the goods after
42 32 their arrival before payment is due unless such inspection is
42 33 inconsistent with the terms of the contract (section
42 34 554.2513); and

42 35 c. if delivery is authorized and made by way of documents
43 1 of title otherwise than by subsection "b" then payment is due
43 2 regardless of where the goods are to be received (i) at the
43 3 time and place at which the buyer is to receive delivery of
43 4 the tangible documents regardless of where the goods are or
43 5 (ii) at the time the buyer is to be received receive delivery
43 6 of the electronic documents and at the seller's place of
43 7 business or if none, the seller's residence; and

43 8 d. where the seller is required or authorized to ship the
43 9 goods on credit the credit period runs from the time of
43 10 shipment but ~~postdating~~ post-dating the invoice or delaying
43 11 its dispatch will correspondingly delay the starting of the
43 12 credit period.

43 13 Sec. 51. Section 554.2323, subsection 2, unnumbered
43 14 paragraph 1, Code 2007, is amended to read as follows:

43 15 Where in a case within subsection 1 a tangible bill of
43 16 lading has been issued in a set of parts, unless otherwise
43 17 agreed if the documents are not to be sent from abroad the
43 18 buyer may demand tender of the full set; otherwise only one
43 19 part of the bill of lading need be tendered. Even if the
43 20 agreement expressly requires a full set

43 21 Sec. 52. Section 554.2401, subsection 3, paragraphs a and
43 22 b, Code 2007, are amended to read as follows:

43 23 a. if the seller is to deliver a tangible document of
43 24 title, title passes at the time when and the place where the
43 25 seller delivers such documents and if the seller is to deliver
43 26 an electronic document of title, title passes when the seller
43 27 delivers the document; or

43 28 b. if the goods are at the time of contracting already
43 29 identified and no documents of title are to be delivered,
43 30 title passes at the time and place of contracting.

43 31 Sec. 53. Section 554.2503, subsection 4, paragraph b, Code
43 32 2007, is amended to read as follows:

43 33 b. tender to the buyer of a nonnegotiable document of
43 34 title or of a ~~written direction to record directing~~
43 35 to deliver is sufficient tender unless the buyer seasonably
44 1 objects, and except as otherwise provided in Article 9 receipt
44 2 by the bailee of notification of the buyer's rights fixes

44 3 those rights as against the bailee and all third persons; but
44 4 risk of loss of the goods and of any failure by the bailee to
44 5 honor the nonnegotiable document of title or to obey the
44 6 direction remains on the seller until the buyer has had a
44 7 reasonable time to present the document or direction, and a
44 8 refusal by the bailee to honor the document or to obey the
44 9 direction defeats the tender.

44 10 Sec. 54. Section 554.2503, subsection 5, paragraph b, Code
44 11 2007, is amended to read as follows:

44 12 b. tender through customary banking channels is sufficient
44 13 and dishonor of a draft accompanying or associated with the
44 14 documents constitutes nonacceptance or rejection.

44 15 Sec. 55. Section 554.2505, subsection 1, paragraph b, Code
44 16 2007, is amended to read as follows:

44 17 b. a nonnegotiable bill of lading to the seller or the
44 18 seller's nominee reserves possession of the goods as security
44 19 but except in a case of conditional delivery (subsection 2 of
44 20 section 554.2507) a nonnegotiable bill of lading naming the
44 21 buyer as consignee reserves no security interest even though
44 22 the seller retains possession or control of the bill of
44 23 lading.

44 24 Sec. 56. Section 554.2505, subsection 2, Code 2007, is
44 25 amended to read as follows:

44 26 2. When shipment by the seller with reservation of a
44 27 security interest is in violation of the contract for sale it
44 28 constitutes an improper contract for transportation within the
44 29 preceding section but impairs neither the rights given to the
44 30 buyer by shipment and identification of the goods to the
44 31 contract nor the seller's powers as a holder of a negotiable
44 32 document of title.

44 33 Sec. 57. Section 554.2506, subsection 2, Code 2007, is
44 34 amended to read as follows:

44 35 2. The right to reimbursement of a financing agency which
45 1 has in good faith honored or purchased the draft under
45 2 commitment to or authority from the buyer is not impaired by
45 3 subsequent discovery of defects with reference to any relevant
45 4 document which was apparently regular ~~on its face~~.

45 5 Sec. 58. Section 554.2509, subsection 2, paragraphs a and
45 6 c, Code 2007, are amended to read as follows:

45 7 a. on the buyer's receipt of possession or control of a
45 8 negotiable document of title covering the goods; or
45 9 c. after the buyer's receipt of possession or control of a
45 10 nonnegotiable document of title or other ~~written~~ direction to
45 11 deliver in a record, as provided in ~~subsection 4 "b" of~~
45 12 section 554.2503, subsection 4, paragraph "b".

45 13 Sec. 59. Section 554.2605, subsection 2, Code 2007, is
45 14 amended to read as follows:

45 15 2. Payment against documents made without reservation of
45 16 rights precludes recovery of the payment for defects apparent
45 17 ~~on the face of in~~ the documents.

45 18 Sec. 60. Section 554.2705, subsection 2, paragraph c, Code
45 19 2007, is amended to read as follows:

45 20 c. such acknowledgment to the buyer by a carrier by
45 21 reshipment or as a warehouse ~~operator~~; or

45 22 Sec. 61. Section 554.2705, subsection 3, paragraph c, Code
45 23 2007, is amended to read as follows:

45 24 c. If a negotiable document of title has been issued for
45 25 goods the bailee is not obliged to obey a notification to stop
45 26 until surrender of possession or control of the document.

PART C

ARTICLE 4

45 29 Sec. 62. Section 554.4104, subsection 3, Code 2007, is
45 30 amended to read as follows:

45 31 3. The "Control" as provided in section 554.7106 and the
45 32 following definitions in other Articles apply to this Article:

45 33	"Acceptance"	Section 554.3409
45 34	"Alteration"	Section 554.3407
45 35	"Cashier's check"	Section 554.3104
46 1	"Certificate of deposit"	Section 554.3104
46 2	"Certified check"	Section 554.3409
46 3	"Check"	Section 554.3104
46 4	"Good faith"	Section 554.3103
46 5	"Holder in due course"	Section 554.3302
46 6	"Instrument"	Section 554.3104
46 7	"Notice of dishonor"	Section 554.3503
46 8	"Order"	Section 554.3103
46 9	"Ordinary care"	Section 554.3103
46 10	"Person entitled	
46 11	to enforce"	Section 554.3301
46 12	"Presentment"	Section 554.3501
46 13	"Promise"	Section 554.3103

46 14 "Prove" Section 554.3103
46 15 "Teller's check" Section 554.3104
46 16 "Unauthorized signature" Section 554.3403
46 17 Sec. 63. Section 554.4210, subsection 3, unnumbered
46 18 paragraph 1, Code 2007, is amended to read as follows:
46 19 Receipt by a collecting bank of a final settlement for an
46 20 item is a realization on its security interest in the item,
46 21 accompanying documents, and proceeds. So long as the bank
46 22 does not receive final settlement for the item or give up
46 23 possession of the item or possession or control of the
46 24 accompanying documents for purposes other than collection, the
46 25 security interest continues to that extent and is subject to
46 26 Article 9, but:

46 27 PART D
46 28 ARTICLE 8

46 29 Sec. 64. Section 554.8103, Code 2007, is amended by adding
46 30 the following new subsection:
46 31 NEW SUBSECTION. 7. A document of title is not a financial
46 32 asset unless section 554.8102, subsection 1, paragraph "i",
46 33 subparagraph (3) applies.

46 34 PART E
46 35 ARTICLE 9

47 1 Sec. 65. Section 554.9102, subsection 2, Code 2007, is
47 2 amended to read as follows:

47 3 2. DEFINITIONS IN OTHER ARTICLES. ~~The "Control" as~~
47 4 ~~provided in section 554.7106 and the following definitions in~~
47 5 other Articles apply to this Article:

47 6 "Applicant"	Section 554.5102
47 7 "Beneficiary"	Section 554.5102
47 8 "Broker"	Section 554.8102
47 9 "Certificated security"	Section 554.8102
47 10 "Check"	Section 554.3104
47 11 "Clearing corporation"	Section 554.8102
47 12 "Contract for sale"	Section 554.2106
47 13 "Customer"	Section 554.4104
47 14 "Entitlement holder"	Section 554.8102
47 15 "Financial asset"	Section 554.8102
47 16 "Holder in due course"	Section 554.3302
47 17 "Issuer" (with respect	
47 18 to a letter of credit or	
47 19 letter-of-credit right)	Section 554.5102
47 20 "Issuer" (with respect	
47 21 to a security)	Section 554.8201
47 22 <u>"Issuer" (with respect</u>	
47 23 <u>to documents of title)</u>	<u>Section 554.7102</u>
47 24 "Lease"	Section 554.13103
47 25 "Lease agreement"	Section 554.13103
47 26 "Lease contract"	Section 554.13103
47 27 "Leasehold interest"	Section 554.13103
47 28 "Lessee"	Section 554.13103
47 29 "Lessee in ordinary	
47 30 course of business"	Section 554.13103
47 31 "Lessor"	Section 554.13103
47 32 "Lessor's residual	
47 33 interest"	Section 554.13103
47 34 "Letter of credit"	Section 554.5102
47 35 "Merchant"	Section 554.2104
48 1 "Negotiable instrument"	Section 554.3104
48 2 "Nominated person"	Section 554.5102
48 3 "Note"	Section 554.3104
48 4 "Proceeds of a letter	
48 5 of credit"	Section 554.5114
48 6 "Prove"	Section 554.3103
48 7 "Sale"	Section 554.2106
48 8 "Securities account"	Section 554.8501
48 9 "Securities intermediary"	Section 554.8102
48 10 "Security"	Section 554.8102
48 11 "Security certificate"	Section 554.8102
48 12 "Security entitlement"	Section 554.8102
48 13 "Uncertificated security"	Section 554.8102

48 14 Sec. 66. Section 554.9203, subsection 2, paragraph c,
48 15 subparagraph (4), Code 2007, is amended to read as follows:
48 16 (4) the collateral is deposit accounts, electronic chattel
48 17 paper, investment property, ~~or~~ letter-of-credit rights, or
48 18 electronic documents, and the secured party has control under
48 19 section 554.7106, 554.9104, 554.9105, 554.9106, or 554.9107
48 20 pursuant to the debtor's security agreement.

48 21 Sec. 67. Section 554.9207, subsection 3, unnumbered
48 22 paragraph 1, Code 2007, is amended to read as follows:
48 23 Except as otherwise provided in subsection 4, a secured
48 24 party having possession of collateral or control of collateral

48 25 under section 554.7106, 554.9104, 554.9105, 554.9106, or
48 26 554.9107:

48 27 Sec. 68. Section 554.9208, subsection 2, paragraphs d and
48 28 e, Code 2007, are amended to read as follows:

48 29 d. a secured party having control of investment property
48 30 under section 554.8106, subsection 4, paragraph "b", or
48 31 section 554.9106, subsection 2, shall send to the securities
48 32 intermediary or commodity intermediary with which the security
48 33 entitlement or commodity contract is maintained an
48 34 authenticated record that releases the securities intermediary
48 35 or commodity intermediary from any further obligation to
49 1 comply with entitlement orders or directions originated by the
49 2 secured party; ~~and~~

49 3 e. a secured party having control of a letter-of-credit
49 4 right under section 554.9107 shall send to each person having
49 5 an unfulfilled obligation to pay or deliver proceeds of the
49 6 letter of credit to the secured party an authenticated release
49 7 from any further obligation to pay or deliver proceeds of the
49 8 letter of credit to the secured party-; and

49 9 f. a secured party having control of an electronic
49 10 document shall:

49 11 (1) give control of the electronic document to the debtor
49 12 or its designated custodian;

49 13 (2) if the debtor designates a custodian that is the
49 14 designated custodian with which the authoritative copy of the
49 15 electronic document is maintained for the secured party,
49 16 communicate to the custodian an authenticated record releasing
49 17 the designated custodian from any further obligation to comply
49 18 with instructions originated by the secured party and
49 19 instructing the custodian to comply with instructions
49 20 originated by the debtor; and

49 21 (3) take appropriate action to enable the debtor or its
49 22 designated custodian to make copies of or revisions to the
49 23 authoritative copy which add or change an identified assignee
49 24 of the authoritative copy without the consent of the secured
49 25 party.

49 26 Sec. 69. Section 554.9301, subsection 3, unnumbered
49 27 paragraph 1, Code 2007, is amended to read as follows:

49 28 Except as otherwise provided in subsection 4, while
49 29 tangible negotiable documents, goods, instruments, money, or
49 30 tangible chattel paper is located in a jurisdiction, the local
49 31 law of that jurisdiction governs:

49 32 Sec. 70. Section 554.9310, subsection 2, paragraphs e and
49 33 h, Code 2007, are amended to read as follows:

49 34 e. in certificated securities, documents, goods, or
49 35 instruments which is perfected without filing, control, or
50 1 possession under section 554.9312, subsection 5, 6, or 7;

50 2 h. in deposit accounts, electronic chattel paper,
50 3 electronic documents, investment property, or letter-of-credit
50 4 rights which is perfected by control under section 554.9314;

50 5 Sec. 71. Section 554.9312, subsection 5, Code 2007, is
50 6 amended to read as follows:

50 7 5. TEMPORARY PERFECTION == NEW VALUE. A security interest
50 8 in certificated securities, negotiable documents, or
50 9 instruments is perfected without filing or the taking of
50 10 possession or control for a period of twenty days from the
50 11 time it attaches to the extent that it arises for new value
50 12 given under an authenticated security agreement.

50 13 Sec. 72. Section 554.9313, subsection 1, Code 2007, is
50 14 amended to read as follows:

50 15 1. PERFECTION BY POSSESSION OR DELIVERY. Except as
50 16 otherwise provided in subsection 2, a secured party may
50 17 perfect a security interest in tangible negotiable documents,
50 18 goods, instruments, money, or tangible chattel paper by taking
50 19 possession of the collateral. A secured party may perfect a
50 20 security interest in certificated securities by taking
50 21 delivery of the certificated securities under section
50 22 554.8301.

50 23 Sec. 73. Section 554.9314, subsections 1 and 2, Code 2007,
50 24 are amended to read as follows:

50 25 1. PERFECTION BY CONTROL. A security interest in
50 26 investment property, deposit accounts, letter-of-credit
50 27 rights, ~~or~~ electronic chattel paper, or electronic documents
50 28 may be perfected by control of the collateral under section
50 29 554.7106, 554.9104, 554.9105, 554.9106, or 554.9107.

50 30 2. SPECIFIED COLLATERAL == TIME OF PERFECTION BY CONTROL
50 31 == CONTINUATION OF PERFECTION. A security interest in deposit
50 32 accounts, electronic chattel paper, ~~or~~ letter-of-credit
50 33 rights, or electronic documents is perfected by control under
50 34 section 554.7106, 554.9104, 554.9105, or 554.9107 when the
50 35 secured party obtains control and remains perfected by control

51 1 only while the secured party retains control.
51 2 Sec. 74. Section 554.9317, subsections 2 and 4, Code 2007,
51 3 are amended to read as follows:
51 4 2. BUYERS THAT RECEIVE DELIVERY. Except as otherwise
51 5 provided in subsection 5, a buyer, other than a secured party,
51 6 of tangible chattel paper, tangible documents, goods,
51 7 instruments, or a security certificate takes free of a
51 8 security interest or agricultural lien if the buyer gives
51 9 value and receives delivery of the collateral without
51 10 knowledge of the security interest or agricultural lien and
51 11 before it is perfected.

51 12 4. LICENSEES AND BUYERS OF CERTAIN COLLATERAL. A licensee
51 13 of a general intangible or a buyer, other than a secured
51 14 party, of accounts, electronic chattel paper, electronic
51 15 documents, general intangibles, or investment property other
51 16 than a certificated security takes free of a security interest
51 17 if the licensee or buyer gives value without knowledge of the
51 18 security interest and before it is perfected.

51 19 Sec. 75. Section 554.9338, subsection 2, Code 2007, is
51 20 amended to read as follows:

51 21 2. a purchaser, other than a secured party, of the
51 22 collateral takes free of the security interest or agricultural
51 23 lien to the extent that, in reasonable reliance upon the
51 24 incorrect information, the purchaser gives value and, in the
51 25 case of tangible chattel paper, tangible documents, goods,
51 26 instruments, or a security certificate, receives delivery of
51 27 the collateral.

51 28 Sec. 76. Section 554.9601, subsection 2, Code 2007, is
51 29 amended to read as follows:

51 30 2. RIGHTS AND DUTIES OF SECURED PARTY IN POSSESSION OR
51 31 CONTROL. A secured party in possession of collateral or
51 32 control of collateral under section 554.7106, 554.9104,
51 33 554.9105, 554.9106, or 554.9107 has the rights and duties
51 34 provided in section 554.9207.

51 35 PART F
52 1 ARTICLE 13

52 2 Sec. 77. Section 554.13103, subsection 1, paragraphs a and
52 3 o, Code 2007, are amended to read as follows:

52 4 a. "Buyer in ordinary course of business" means a person
52 5 who in good faith and without knowledge that the sale to the
52 6 person is in violation of the ownership rights or security
52 7 interest or leasehold interest of a third party in the goods,
52 8 buys in ordinary course from a person in the business of
52 9 selling goods of that kind but does not include a pawnbroker.
52 10 "Buying" may be for cash or by exchange of other property or
52 11 on secured or unsecured credit and includes ~~receiving~~
52 12 acquiring goods or documents of title under a preexisting
52 13 contract for sale but does not include a transfer in bulk or
52 14 as security for or in total or partial satisfaction of a money
52 15 debt.

52 16 o. "Lessee in ordinary course of business" means a person
52 17 who in good faith and without knowledge that the lease to the
52 18 person is in violation of the ownership rights or security
52 19 interest or leasehold interest of a third party in the goods
52 20 leases in ordinary course from a person in the business of
52 21 selling or leasing goods of that kind but does not include a
52 22 pawnbroker. "Leasing" may be for cash or by exchange of other
52 23 property or on secured or unsecured credit and includes
52 24 ~~receiving~~ acquiring goods or documents of title under a
52 25 preexisting lease contract but does not include a transfer in
52 26 bulk or as security for or in total or partial satisfaction of
52 27 a money debt.

52 28 Sec. 78. Section 554.13514, subsection 2, Code 2007, is
52 29 amended to read as follows:

52 30 2. A lessee's failure to reserve rights when paying rent
52 31 or other consideration against documents precludes recovery of
52 32 the payment for defects apparent ~~on the face of~~ in the
52 33 documents.

52 34 Sec. 79. Section 554.13526, subsection 2, paragraph c,
52 35 Code 2007, is amended to read as follows:

53 1 c. such an acknowledgment to the lessee by a carrier via
53 2 reshipment or as ~~warehouse~~ a warehouse.

53 3 PART G
53 4 MISCELLANEOUS

53 5 Sec. 80. Section 203C.17, subsection 1, Code 2007, is
53 6 amended to read as follows:

53 7 1. Any grain which has been received at any licensed
53 8 warehouse for which the actual sale price is not fixed and
53 9 proper documentation made or payment made shall be construed
53 10 to be grain held for storage within the meaning of this
53 11 chapter. Grain may be held in open storage or placed on

53 12 warehouse receipt. A warehouse receipt shall be issued for
53 13 all grain held in open storage within one year from the date
53 14 of delivery to the warehouse, unless the depositor has signed
53 15 a statement that the depositor does not desire a warehouse
53 16 receipt. A warehouse receipt shall be issued upon request by
53 17 the depositor. The warehouse operator's tariff shall apply
53 18 for any grain that is retained in open storage or under
53 19 warehouse receipt.

53 20 Sec. 81. Section 203C.18, Code 2007, is amended to read as
53 21 follows:

53 22 203C.18 ~~ISSUANCE OF WAREHOUSE RECEIPTS == ISSUANCE,~~
53 23 ~~PRINTING, AND ELECTRONIC FILING.~~

53 24 1. For all agricultural products that become storage in a
53 25 licensed warehouse, warehouse receipts signed by the licensed
53 26 warehouse operator or the operator's authorized agent shall be
53 27 issued by the licensed warehouse operator. Such warehouse
53 28 receipts shall be in the form required or permitted by uniform
53 29 commercial code, sections 554.7202 and 554.7204, provided,
53 30 however, that each receipt issued for agricultural products,
53 31 in addition to the matters specified in uniform commercial
53 32 code, section 554.7202 shall embody in its written or printed
53 33 terms:

53 34 ~~1-~~ a. The receiving and loadout charges which will be
53 35 made by the warehouse operator.

54 1 ~~2-~~ b. The grade or other class of the agricultural
54 2 products received and the standard or description in
54 3 accordance with which such classification has been made;
54 4 provided that such grade or other class shall be stated
54 5 according to the official standard of the United States
54 6 applicable to such agricultural products as the same may be
54 7 fixed and promulgated; provided, further, that until such
54 8 official standards of the United States for any agricultural
54 9 product or products have been fixed and promulgated, the grade
54 10 or other class thereof may be stated in accordance with any
54 11 recognized standard or in accordance with such rules and
54 12 regulations not inconsistent herewith as may be prescribed by
54 13 the secretary of agriculture of the United States.

54 14 ~~3-~~ c. A statement that the receipt is issued subject to
54 15 the Iowa warehouse Act and the rules and regulations
54 16 prescribed pursuant to the Act.

54 17 ~~4-~~ d. Such other terms and conditions as may be required
54 18 by rules of the department.

54 19 2. Warehouses that are not licensed pursuant to this
54 20 chapter or by the United States government shall not issue
54 21 warehouse receipts for agricultural products.

~~54 22 The original copy of every warehouse receipt shall be~~
~~54 23 imprinted with the signature of the secretary of agriculture~~
~~54 24 prior to issuance.~~

54 25 3. Forms for warehouse receipts shall only be printed by a
54 26 person approved by the department. A form for a warehouse
54 27 receipt shall be printed in accordance with specifications set
54 28 forth by the department. A form for a warehouse receipt that
54 29 is unused at the time that a warehouse operator's license is
54 30 canceled, suspended, revoked, or terminated shall be
54 31 surrendered to the department.

54 32 4. The department may adopt rules to allow for the
54 33 issuance of electronic warehouse receipts by a provider who is
54 34 a person approved by the department to maintain a secure
54 35 electronic central filing system of electronic records
55 1 including warehouse receipts and who is independent of an
55 2 outside influence or bias in action or appearance.

55 3 Sec. 82. Section 203C.19, Code 2007, is amended to read as
55 4 follows:

55 5 203C.19 RIGHTS AND OBLIGATIONS WITH RESPECT TO WAREHOUSE
55 6 RECEIPTS == LOST RECEIPTS.

55 7 1. Insofar as not inconsistent with the provisions of this
55 8 chapter, original or duplicate receipts issued by licensed
55 9 warehouse operators shall be deemed to have been issued under
55 10 the provisions of uniform commercial code, chapter 554,
55 11 article 7.

55 12 2. Duplicates and releases for lost, destroyed, or stolen
55 13 warehouse receipts may be issued only in accordance with the
55 14 provisions of ~~section~~ sections 554.7601 and 554.7601A.

55 15 EXPLANATION

55 16 BACKGROUND. This bill amends Article 7 of the Uniform
55 17 Commercial Code governing warehouse receipts, bills of lading,
55 18 and other documents of title. The amendments derive from a
55 19 model act with comments as prepared by the national conference
55 20 of commissioners on uniform state laws and the American law
55 21 institute. According to the model act's preface, the
55 22 provisions of the model act are to further develop electronic

55 23 documents of title in light of state, federal and
55 24 international developments. The preface continues by stating
55 25 that each section has been reviewed to determine its
55 26 suitability given modern practice, the need for medium and
55 27 gender neutrality, and modern statutory drafting.

55 28 CONFORMITY WITH THE MODEL ACT. The bill adopts the changes
55 29 made by the model act, with certain limited exceptions
55 30 consistent with the current format and style of Iowa's version
55 31 of the Uniform Commercial Code, which are limited to
55 32 numbering, capitalization, citations, the use of dashes rather
55 33 than semicolons in headnotes, and the use of gender-neutral
55 34 language in conformance with Code section 2.33. Otherwise,
55 35 the bill follows language and punctuation as recommended in
56 1 the model act, even when contrary to normal drafting practice
56 2 (e.g., retaining the model act's use of the term "may not"
56 3 rather than the preferred "shall not" or "must not" in
56 4 amendments to Code sections 554.7210, 554.7304, 554.7308,
56 5 554.7309, 554.7601, and 554.7602). The bill also retains a
56 6 nonconforming provision, Code section 554.7601, providing for
56 7 lost and missing documents. Subsections 3 and 4, unique to
56 8 Iowa, provide for lost or destroyed warehouse receipts and the
56 9 regulation of warehouse receipts by the department of
56 10 agriculture and land stewardship (see also the department's
56 11 regulation of warehouses under Code chapter 203C). The bill
56 12 organizes these unique subsections into new Code section
56 13 554.7601A to alert the reader that the provisions are not
56 14 based on model legislation.

56 15 STRUCTURE. The bill is divided into two divisions.
56 16 Division I amends provisions in Article 7 and Division II
56 17 provides for conforming changes to provisions outside of
56 18 Article 7. The bill does not alter the structure of Article 7
56 19 which is divided into a number of parts including: Part 1
56 20 which provides general provisions, including definitions, Part
56 21 2 which provides special provisions for warehouse receipts,
56 22 and Part 3 which provides special provisions for bills of
56 23 lading. The remaining parts provide for both warehouse
56 24 receipts and bills of lading. Part 4 provides for general
56 25 obligations, Part 5 provides for negotiation and transfer
56 26 arrangements, and Part 6 provides for miscellaneous
56 27 provisions.

56 28 AMENDMENTS. The bill amends Code section 554.1201 which
56 29 includes definitions for "bearer", "bill of lading",
56 30 "delivery", "document of title", "holder", and "warehouse
56 31 receipt". In Code section 554.7102 the term "warehouse
56 32 operator" is replaced by "warehouse" and the term "warehouse"
56 33 is replaced with the term "warehouse facility". The bill
56 34 provides new definitions for "good faith", "record", "sign"
56 35 and "shipper". The changes to the definitions, in part,
57 1 authorize the use of electronic records, and allow a person
57 2 (bailee) to issue an electronic document of title in the
57 3 regular course of business or financing, and which may
57 4 evidence that a person who is in control of the record is
57 5 entitled to receive, control, hold, and dispose of the record
57 6 and the goods the record covers.

57 7 The bill divides records into electronic and tangible
57 8 documents of title. The bill includes a new section which
57 9 addresses the "control" of an electronic document of title
57 10 which is closely connected to the "Uniform Electronic
57 11 Transactions Act" (Code chapter 554D). According to the
57 12 comments, "control" of an electronic document of title is the
57 13 equivalent to possession and indorsement of a tangible
57 14 (written) document of title. The bill also provides that
57 15 parties may substitute an electronic document of title for an
57 16 already-issued paper document (Code section 554.7105). In
57 17 general, the rules applicable for electronic documents of
57 18 title are the same or similar to the rules for tangible
57 19 documents of title. Where a difference is meant to apply, the
57 20 provision refers only to one type of document without
57 21 mentioning the other. As with tangible negotiable documents
57 22 of title, electronic negotiable documents of title may be
57 23 negotiated and duly negotiated (Code section 554.7501).

57 24 The bill amends Code sections to include a number of other
57 25 changes, which include:

- 57 26 1. Eliminating references to tariffs or filed
57 27 classifications which were made according to the comments to
57 28 account for the deregulation of the affected industries (see
57 29 Code sections 554.7103 and 554.7309).
- 57 30 2. Providing when a document is nonnegotiable (Code
57 31 section 554.7104).
- 57 32 3. Specifying when the Article's provisions apply only to
57 33 warehouse receipts or only bills of lading.

57 34 4. Eliminating the current provisions in Code section
57 35 554.7105, and replacing it with a new provision providing for
58 1 the reissuance of a document in an alternative medium.
58 2 5. Providing that particular terms need not be included in
58 3 a document to create a valid warehouse receipt (Code section
58 4 554.7202).
58 5 6. Broadening the ability of a warehouse to provide an
58 6 effective limitation of liability in a warehouse receipt or
58 7 storage agreement in accordance with commercial practice (Code
58 8 section 554.7204).
58 9 7. Allowing a warehouse to obtain a lien on goods covered
58 10 by a storage agreement and providing for rules of priority
58 11 among creditors (Code section 554.7209).
58 12 8. Amending the usage of provisions relating to shipping
58 13 practices (Code sections 554.7301 and 554.7302).
58 14 9. Providing for the extent of a carrier's lien (Code
58 15 section 554.7307).
58 16 10. Adding references to provisions for leasing
58 17 arrangements under Article 2A, codified in Iowa as Article 13
58 18 (Code sections 554.7503, 554.7504, and 554.7509).
58 19 11. Providing that a warranty made by negotiation or
58 20 delivery of a document of title applies only in the case of a
58 21 voluntary transfer of possession or control of the document
58 22 (Code section 554.7507).
58 23 12. Providing when a court may order protection against
58 24 loss involving the delivery of goods or the issuance of a
58 25 substitute document (Code section 554.7601).
58 26 13. Providing for the issuance of warehouse receipts, and
58 27 authorizing the department of agriculture and land stewardship
58 28 to provide for forms for warehouse receipts and the filing of
58 29 electronic warehouse receipts.
58 30 LSB 1073SV 82
58 31 da:rj/je/5.1